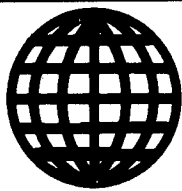


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8 JUNE 1990



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INTRABLOC AFFAIRS

Genocidal Vatra Romaneasca Document Revealed

25000716B Budapest MAI NAP in Hungarian
11 Apr 90 p 9

[Article and telephone interview with Dr. Eva Maria Barki, chairwoman of the International Transylvania Committee, by Ivan Havas from Budapest to Vienna; date not given: "Their Ultimate Goal: A Greater Romania; Document Inciting Genocide From Vatra Romaneasca Headquarters"—first paragraph is MAI NAP introduction]

[Text] We conversed over the phone with Dr. Eva Maria Barki, chairwoman of the International Transylvania Committee headquartered in Vienna. At the request of MAI NAP, she telefaxed to Budapest a document written at the Vatra Romaneasca headquarters in Marosvasarhely [Tirgu Mures] on 20 February. We present a few interesting segments of the writing which consists of 21 sections, translated from the Romanian into Hungarian. We do so because this may pinpoint actual responsibility for the 19 March Marosvasarhely massacre.

"10. The Vatra Romaneasca Association intends to protect the persons of Securitate personnel because Romania needs people brought up in the spirit of unconditional loyalty to a well defined goal.

"15. ... we will make popular from the outset sentiments against Hungarians, Gypsies, and Germans, feelings which are deeply rooted in the souls of Romanians. We will make these sentiments popular so that it will become apparent to every Romanian that our ultimate goal is the achievement of a greater Romania, in which alien elements have no place, and in which we do not tolerate alien elements. The moment has come for us to resolve forever and in an irreversible way the minority problem, using any means.

"16. Transylvania has belonged to us all along, and will always belong to us. Unfortunately the sacred Roman land is soiled by the feet of Huns, Gypsies, and other Asian shreds. Unite, so that we can expel these from the country! Out with the Huns and Gypsies, our country's shame! We want a pure and large Romania! We want the stolen Romanian land returned! Do not be afraid to fight and to shed their dirty blood!.... We have driven out part of the Germans, but there are many others we do not need. Ceausescu did not live long enough to destroy them, but our nation must not lay down its arms. We do not need Switzerland! We do not need Europe! A common European House could be none other than the disintegration of Romania's national and territorial units.

"We need nothing but the Vatra Romaneasca. Only the Romanian language shall prevail. We do not want to hear any other scratching sounds in our ears—no words

other than Romanian words! We call upon every Romanian of good will to join us in our efforts which concentrate on Marosvasarhely for the time being. But we have confidence in the Romanian people and we hope that our ideals will spread throughout the entire land of the greater Romania of 1918.

"20. The sacred Roman land, Transylvania, is the most soiled area—above all thanks to Hungarians and unfortunately to others, to the shame of every Romanian. For this reason we feel that initially our activities must be concentrated here, but we must not forget about areas inhabited by other nationalities (mainly Gypsies, Jews).

"Marosvasarhely, 20 February 1990

"Vatra Romaneasca Alliance, National Center Marosvasarhely (illegible signature)"

[MAI NAP] In your view, then, this document has something to do with the fact that on 19 March the Romanian police and the military did not defend the Hungarians at the mercy of the Romanian mob.

[Barki] The above document proves that we are dealing with an action that has been well prepared by the Vatra Romaneasca. After all, the writing calls for Romanians to commit genocide. Quite a few of the organization's 2 million members may be found in the army and the police. This explains the inaction. The Romanian Government is too weak to take action against the Vatra. Politicians are especially cautious before elections. To them the favorable disposition of the Romanian populace is most important.

[MAI NAP] Could UN involvement reduce tensions in Transylvania?

[Barki] A very dangerous pogrom mood prevails in Romania. It is increasing day after day. Virtually any bilateral negotiation is hopeless. There is no possibility for proper dialogue as long as one partner is fretting because his life is in danger. Calm can be restored only with foreign help, in our view. The Romanian Government should seek UN support if it is sincere in wanting to settle this matter.

[MAI NAP] Was the situation of nationalities better under Ceausescu than it is today?

[Barki] It was not. Prior to the revolution a thick layer of concrete covered the concerns. This protective cover broke up suddenly, and the large volume of filth that had accumulated over the years came to the surface.

[MAI NAP] Your committee perceives the future Transylvania as a state within a federation, under a separate constitution. This appears to be a utopia, for the time being....

[Barki] There will be no peace in Transylvania as long as this remains a utopia. In Switzerland, for example, French, German, and Italian are official languages.

Romania must elevate its legal system to the level of European standards if it wants to become a European state. Europe will not accept Romania as part of it as long as it delays this action. The Vatra would not be at all distressed by this.

[MAI NAP] Could the ideal of a greater Romania threaten the European states, perhaps Hungary?

[Barki] It could. East Europe will not be left untouched if passions run loose in Romania. The possibility of aggression cannot be ruled out if the Romanian Government continues to fail to reduce the influence of the Vatra Romaneasca, and possibly if it elevates this policy to the official level after the elections.

**Romanian Social Democrat Dimitrescu
Interviewed on Minority Issues**

90CH0141A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 11 May 90 pp 1, 3

[Interview with Professor Radu Dimitrescu, member of the Governing Committee of the Romanian Social Democratic Party, by Margit D. Bartha; place and date not given: "Restitutio in Integrum"—first paragraph is ROMANIAI MAGYAR SZO introduction]

[Text] This title was given to the conversation about the nationalities problem and the Social Democrats' view concerning these issues, because the party's expert on this subject mostly who holds a responsible position stressed that they view these problems based on the principle of Restitutio in Integrum (restitution, full compensation for moral or financial damages, restoration of the previous condition). But which "previous condition" should be restored? In other words: What are nationalities entitled to in the social-cultural field, in education, etc?

[Bartha] To clarify this matter, permit me, professor, to quote a passage from the Gyulafehérvár [Alba Julia] Resolution of 1 December 1918: "Full national freedom to the people residing here. Each nation should govern itself in its own language, its own public administration, by its own people, and each nationality shall be represented in legislative bodies and in the governance of the country proportionate to its numbers...."

[Dimitrescu] The requirement established in the resolution is appropriate and fair, but unfortunately it remained mostly on paper: It never became reality in all of its detail. At this point I consider it to be important to make a little detour so that we can see how the nationalities situations have been settled elsewhere. In the aftermath of World War II certain countries adopted rather extreme methods, they simply expelled national minorities (e.g. Poland expelled the German inhabitants). France elected the so-called traditional solution: It does not recognize that national minorities exist. And there is a third kind of resolution—the one we want to follow—that creates a rather favorable situation for the nationalities, such as the situation of the Swedish

minority in Finland, the situation of the French and German minorities in Italy, etc. But one must realize that this favorable status and the many rights and liberties that accompany that status are the results of rather lengthy negotiations and compromises which take between five and 20 years! In other words, a long period of time had to (and has to) pass before all aspects of just and proper expectations and principles may be realized. In my view this is why the watchword "now or never," otherwise fairly applied to nationalities demands, cannot be regarded as wise. This kind of impatience is not wise even if it is justified sometimes on a psychological basis.

On the other hand, anyone who draws conclusions from this watchword other than its real content makes a grave mistake. The Hungarians demanded only the rights to which they are entitled ("now or never"); under no circumstances did they demand the detachment of Transylvania, as so many "construed" this half sentence to mean. A civilized person never attributes any other, secondary meaning to the words of his conversation partner than what his words reveal.

[Bartha] Do you regard the Hungarian demand that they may study in their native tongue at all levels of education as justified?

[Dimitrescu] By all means. No one can argue for taking away this collective rights, because this sanctions the basic principle of true democracy. Incidentally, the Hungarians and other nationalities residing here did have their own educational institutions even five or 10 years ago. Then Ceausescu gradually liquidated these schools: First the separate schools ceased to exist, then the various departments and classes, one after another. As a university professor I recall that some time ago the chairman of the matriculation examination committee (himself a university cadre) was supposed to speak Hungarian, German, etc., if he oversaw an examination in a school where education was provided in one of those languages. This has not been a requirement for quite a few years, just as they terminated the right of a member of a nationality to take the university admissions exam in his native language.

I believe (and our party believes) that nothing could be more natural than teaching in the native language of a people. But the Hungarians (and the rest of the nationalities) must recognize that a certain period of time has to pass to establish all this, and I stress: all conditions for such education, starting from teaching aids to school buildings.

[Bartha] Many have branded us with the separatist label because we also want to receive high-level professional training in the language we know best—i.e., in the language in which it is the easiest to study and in which studying produces the best results. This is important from an educational standpoint, and not from a political standpoint. But they will not believe us, even if we talk as long as we want to! And we want to learn the Romanian language of course! That comes naturally! A person who

does not speak the country's language is obviously disadvantaged vis-a-vis his fellow citizens. Hungarian students want to take medical examinations in Hungarian because later on they will be able to better understand their Hungarian patients. They do not want to take that examination in Hungarian in order to turn their backs on Romanian patients. What is your view of this?

[Dimitrescu] I would start by saying that the Bolyai University should be restored in Kolozsvár [Cluj], and so should the Hungarian language medical and performing arts academies at Marosvásárhely [Tirgu Mures]. In addition, your nationality would also need upper-level agricultural education in the native tongue, because a significant part of the Hungarian populace live and work in the villages. On the other hand, I believe that it would not make sense to have separate technical (higher-level) education. Whoever wishes to complete the engineering school in the Hungarian language should be able to go for this purpose to Hungary, provided that the student agrees to pay for the expenses. (This is what several European parent countries do on the basis of separate agreements.) It would be superfluous for me to present separate arguments for each of your viewpoints. Once again I could say that as long as Hungarians request matters to which the nationality is entitled under law, we will only support such requests.

[Bartha] The establishment of a nationalities ministry and the development of a new nationalities statute is also among our demands.

[Dimitrescu] This is understandable; we also feel that this demand is fair, and we agree with it.

[Bartha] How do you feel about the the desire of national minorities to be able to maintain intellectual and cultural relations with their parent countries in order to preserve and to develop their peculiar intellectual and cultural features?

[Dimitrescu] First of all, we must do more for the preservation and strengthening of specific nationalities features here in the homeland. In addition to the factors mentioned thus far (e.g. native language education), the development of one's own culture plays an important role, and within that book publishing (to mention just one example) is significant. Kriterion should not publish the translations of Romanian literary works, but original Hungarian, German, Serbian, Ukrainian, etc. literature instead. We are aware, of course, of the kinds of "guidance" that have served as the basis for the publisher's plan thus far. But now we must keep the future in mind.

We find the maintenance of intellectual and cultural relations with the parent country to be natural, and we encourage this, because there is nothing wrong with it. On the contrary, certain nationalities may serve as connecting links between the people of their homeland and their respective parent countries. But I would call attention to the fact that this is a delicate matter, because in many instances dialogue between the two peoples (nationalities) acquires historical overtones. Both parties

must understand this matter. We Romanians must understand, for example, that in Hungary's history there was a period (the Turkish occupation) when Hungarians were able to preserve their national existence and continuity beyond Hungary's present borders, in Transylvania and in Slovakia. But the Hungarians must also realize that, for example, the 1848 revolution (i.e., also the 15th of March) is a source of painful memories for Romanians.

By now the reader must have figured out that I am trying to analyze the possible causes of the tragic events in Marosvásárhely. I repeat: We are only attempting, and we can only attempt to figure out this situation, because at this point we still do not have a clear picture, we cannot tell accurately what went on there. The present Romanian Government is also taking a long time to evaluate those events, a time period that is not justified. It is likely that we will find both Romanians and Hungarians among the persons responsible for these events. And these elements must not be disciplined and educated on a mutual basis; Romanians should find fault in Romanians, while Hungarians should judge their fellow Hungarians who act improperly.

[Bartha] The spirituality [as published] of the borders was the cherished dream not only of people living today, but also of Nicolae Titulescu. Is there a chance that today's generation will witness the realization of this?

[Dimitrescu] I would like to believe that it will, if we consistently stand up for our truth, for democracy, and for the sacred cause of human liberty.

BULGARIA

Text of Law on Bulgarian Names Published

90BA0073A Sofia OTECHSTVEN FRONT
in Bulgarian 9 Mar 90 pp 1, 3

[Text] Article 1. Every Bulgarian citizen has the right to have a name.

Article 2. The name consists of his first name, patronymic, and last name. The three parts of the name are entered in the birth certificate.

Article 3. (1) The first name of the individual will be given at birth.

(2) The patronymic is the first name of the father.

(3) The last name is the name of the grandfather or the father's family by which he is known in society.

Article 4. All children of the same origin will be registered with the same last name.

Article 5. No name which is mocking, defaming, socially embarrassing or incompatible with the dignity and traditions of the Bulgarian people shall be allowed.

Article 6. The patronymic name will be entered with a suffix -ov, -ev, -ova, and -eva, according to the sex of the child, unless the father's first name makes it impossible to add such a suffix or else the suffix conflicts with name-assigning traditions.

Article 7. (1) The child's first name will be determined freely by the two parents, by mutual consent, and will be reported in writing to the civil status official within five days following the birth of the child, at the time the birth certificate is issued.

(2) If the parents fail to agree on the child's first name, the civil status official shall enter in the birth certificate one of the names suggested by the parents, as he deems suitable. If the parents fail to suggest a name, the name will be given by the civil status official.

(3) If the paternity of the child is uncertain, the mother will name the child.

Article 8. (1) A child with uncertain paternity will adopt as patronymic and last name the name and family name of the mother. The first name of the mother will be given a male suffix.

(2) If the thus restructured name does not sound masculine, the patronymic name of the child will be based on the root of the mother's first name.

(3) With the agreement of the mother's father, his first name may be entered as the patronymic name of the child while the last name of the mother may be entered as the child's family name.

Article 9. The name of a child of uncertain parentage will be given by the civil status official.

Article 10. (1) The patronymic and last name of a child who has been either recognized after the birth certificate was issued or whose origin has been established by the courts or else whose origin, as stipulated in the birth certificate, has been denied, will be determined and changed in accordance with Articles 7, 8, and 9.

(2) Within one month after determining the origin legally and the acknowledgment by the parents or by one of the parents, on the basis of a written petition submitted to the civil status official, a change may be requested in the child's first name. The change must include the child's agreement if he or she is over 14.

Article 11. (1) In cases of full adoption, the adoptive parent may request of the court in charge of granting the adoption decree that the first name of the adopted child be changed as requested by the adoptive parents. If the adopted child is over the age of 14, he or she must agree to the change of name.

(2) The first and last name of the adoptive parent will become the patronymic and last name of the adopted.

(3) The changes will be entered in the newly issued birth certificate of the adopted individual by decision of the court which has granted the adoption.

Article 12. (1) In partial adoption the birth certificate may include the name of the adoptive parent if so requested.

(2) If the adopted is 14 years of age or older, the change as per paragraph 1 requires his or her agreement.

(3) The change is made by decision of the court which has granted the adoption.

Article 13. If the adoption is terminated by the court the adopted individual regains the name prior to the adoption. By agreement of the adoptive parent or for major reasons the court may decree for the adopted individual to retain the name given to him or her at the time of adoption.

Article 14. (1) In a marriage, either side could retain his or her last name or adopt the last name of the other spouse or else add that name to one's own last name. In that case, the last name may also be the name of the other spouse's father if he is socially known under that name.

(2) Following a divorce, the court may decree that one of the spouses may retain the name of the other with the permission of the latter. Should one of the spouses have become known by the name of the other, the court may decide that he or she may continue to keep the name. Should the circumstances change, the former spouse may demand of the other spouse no longer to use his or her name.

Article 15. (1) Changes in the first, patronymic, or last name may take place if the name is mocking, defaming, socially embarrassing or necessary for any other important reason.

(2) The name may be changed on the basis of a written petition submitted to the rayon court at the place of residence of the individual. The rayon court will pass on the request in accordance with the stipulations of Article 436 and following, of the Civil Procedure Code. The court will send a transcript of the promulgated resolution to the civil status official at the place of residence and the place of birth of the individual to note the changes in the birth certificate and the population's records.

(3) A change in the name of a minor or an underage person will not be allowed on the basis of the stipulations of paragraph 1. A petition for changing the name of a minor must be submitted by both parents. If no agreement between the parents can be reached, the court may grant the petition of either parent. An underage individual may submit the petition in his own behalf.

Article 16. (1) An individual who accepts or regains Bulgarian citizenship may change his name by making the name sound Bulgarian in accordance with this law.

(2) The change of name will be based on a written petition submitted to the rayon court at the place of residence of the individual. The rayon judge will rule on the petition in accordance with the stipulations of Article 436 and following of the Civil Procedure Code. The court will issue a transcript of the resolution to the civil status official at the place of residence and the place of birth of the individual to be recorded in the birth certificate and the population record.

Article 17. The use of threat, coercion, violence, misrepresentation or abuse of power or any other illegal action in establishing, retaining, changing or restoring a name will be punished in accordance with the Penal Code.

Article 18. (1) A citizen may use a pseudonym in the course of scientific, literary, artistic, journalistic or other creative activities.

(2) By written request submitted by the citizen, the rayon court may decree that the pseudonym is added to his name. The court will rule on the request in accordance with the stipulations of Article 436 and following of the Civil Procedure Code. The court will issue a transcript of its resolution to the civil status official at the place of residence and the place of birth of the individual, to be noted in the birth certificate and the population record.

Article 19. (1) Any citizen may request of another individual to stop bearing or using illegally his name. The citizen has the right to demand legal compensation for any property or nonproperty damages resulting from this act.

(2) The stipulation as per paragraph 1 will apply also in the defense of a pseudonym of an individual who was the first to make use of this pseudonym.

Transitional and Concluding Stipulations

1. Deletes Article 6 of the Law on the Individuals and the Family (DV, No. 182, 1949; corrected, No. 103, 1949; amended, IZV., No. 12, 1951; Nos. 12 and 92, 1952; No. 15, 1953; corrected, No. 16, 1953; amended, No. 89, 1953; No. 90, 1955; No. 90, 1956; No. 50, 1961; DV, No. 23, 1968; No. 36, 1979; No. 41, 1985; and No. 46, 1989).

2. (1) Bulgarian citizens, whose names were coercively changed may, if they so desire, regain their previous names.

(2) The restoration of a name as per the preceding paragraph is based on a written request submitted by the citizens who wish to do so voluntarily. The petition must be submitted to the rayon court at the place of residence of the individual, and filed with the civil status official in the mayoralty or the municipal people's council.

(3) The rayon judge will rule on the petition within 14 days of its receipt by the court. The petition will be considered in the court premises or premises of the mayoralties or municipalities, in the presence of the petitioner, the civil status official, and two witnesses, who will be the representatives of the public, and who

will certify to the voluntary nature of the name restoration petition. The witnesses may be adult Bulgarian citizens who are not the spouses, brothers, sisters or blood relatives of the petitioner.

(4) The court will rule at the session during which the petition was considered. The resolution with which the petition is accepted will call for the drafting of a new birth certificate with the restored name which will be entered in the population records. The court will also issue the petitioner an identity certificate, stipulating that the restored name and the name which he had before the restoration belonged to that same individual.

(5) In accordance with the preceding paragraphs, names of minor children of parents whose name was forcibly changed may be restored as well. In such a case the petition is submitted by the two parents, even if divorced, or by the guardians. In the case of disagreement, the dispute is resolved by the rayon judge at the same session, after hearing the parents, and, if necessary, the child as well. Underage individuals may submit petitions personally.

(6) Adult Bulgarian citizens who were born after their parents had their names coercively changed may change their names in accordance with the stipulations of paragraphs 2 and 3.

(7) The court's ruling rejecting a petition for the restoration or change of name may be appealed in accordance with the Civil Procedure Code. The okrug court will issue its decision 14 days after receipt of the petition.

(8) The procedures stipulated in the preceding paragraphs and the related change in documents will not be subject to state fees.

(9) The procedure for the restoration and change of names as per the preceding paragraphs shall be valid until 31 December 1990. Until that date the Bulgarian citizens may also use the procedure stipulated in Article 15. After 31 December 1990 the procedure stipulated in Article 16 shall apply.

(10) The Council of Ministers is instructed to provide the necessary conditions for the application of the procedure stipulated in the preceding paragraphs.

(11) The procedure for the restoration and change of names as per the present paragraph shall be applied strictly in accordance with the voluntarily and freely expressed will of the petitioner.

(12) The use of coercion, threat, fraud, abuse of power or any other illegal action in the restoration or change of name or for the prevention of any restoration or change of name as per the present paragraph shall be punished in accordance with the Penal Code.

3. The execution of this law is assigned to the Minister of Justice.

The present law was passed by the Ninth National Assembly, 15th session, second sitting, held on 5 March 1990 and stamped with the state seal.

(The present law is also published in today's issue No. 20 of DURZHAVEN VESTNIK.)

CZECHOSLOVAKIA

Military Attache in Washington Talks About Changes

90CH0097C Prague RUDE PRAVO in Czech 28 Apr 90 p 15

[Interview with Col. Miroslav Seberka, CSFR Military Attache in Washington; place, date, and interviewer not given: "Members of Patton's Army Will Come Here"]

[Text] Representation abroad, or, if you will, the embassy, is an extension of the Ministry of Foreign Affairs in the host country and contributes actively to an efficient implementation of the foreign policy of the country to which it belongs. Within this framework, the office of the military and air attache deals with things military. Since the middle of 1988, the chief of the military section of the CSFR [Czech and Slovak Federal Republic] Embassy in Washington has been Colonel Miroslav Seberka.

[RUDE PRAVO] What changes took place in your work during the course of the past several months?

[Seberka] First of all, the amount of activities in the office of the military attache. Following the speech given by the chief of the General Staff, General A. Slimak in January at the Vienna meeting, the interest in Czechoslovak military policy has grown enormously. There are increasing inquiries about the departure of Soviet units, and there has been a sharply higher interest by institutions as well as individual Americans about the buildup of our army, its structure, organization, and modernization. In connection with the visit of the Czechoslovak president, we are also getting letters from collectors of military memorabilia, whose requests, sometimes strange, we also try to satisfy.

[RUDE PRAVO] Is the interest from the American side about remembering the contribution of Patton's 3d Army to the liberation of Czech territory 45 years ago also reflected in your work?

[Seberka] Of course. That came up also during the discussions with the current chief of the military section of the American Embassy in Prague, Colonel Motyka, before his departure for Czechoslovakia in summer of 1989. We agreed on some ideas and actions which are now being realized in Washington and in Prague.

[RUDE PRAVO] For example?

[Seberka] As a former member of the tank corps, I am interested in the fate of the armored division of the 3rd Army, and I am in personal contact with some of its

members who entered Plzen in the morning of 5 May 1945. A four-member delegation will take part in the commemoration this year. On the initiative of Colonel Motyka, members of other divisions of the former 3d Army will arrive here as well.

[RUDE PRAVO] Thank you for talking with us.

Rector of Charles University Appeals to Charter 77

90CH0097A Prague MLADA FRONTA in Czech 28 Apr 90 p 3

[Radim Palous, rector of Charles University: "Open Letter to the Spokesmen for Charter 77"]

[Text] Subject: To try to come to terms with the past with such an objectivity and consistency that would help to assess fairly the share of each of us in the unhappy events. Those absolutely without taint are terribly few—and even in their case there is a question in what sense the word "absolutely" can be used. Insinuations about having cooperated with the regime (in State Security, in the Assembly, in CPCZ [Czechoslovak Communist Party], in social organizations, etc.) are on the increase now, and in the end it depends entirely on the arbitrariness of the manipulators how they interpret this or that action. For example, is Mr. Calfa disqualified from the political life of our country because he was an important functionary of the CPCZ? Is it possible then to attack Lada Lis, because in the fifties he was an ardent member of the Socialist Youth Movement and goodness knows what else? Yes, we all must carefully weigh our guilt. I, for example, did not protest in the fifties as vehemently as in the seventies in the framework of Charter 77: I fled from philosophy to chemistry so that I would not have to lie—but that, after all, was also a form of evading responsibility for a common cause! And that was also a way how not to run directly into bayonets. Someone may respond that in every confrontation one chooses a rational approach and one does not charge headlong and needlessly into bayonets! I say; then that is why we must now begin to ponder the tactics of how we proceed in society—and we already have here extenuating circumstances, explaining one attitude or another, one compromise or another. Besides that, people can be mistaken, they can react to various situations, they can develop, they can change, etc. Those who stayed here and did not emigrate more or less had to look for a *modus existendi*—which, as a matter of fact, that also applies in prison. Everybody paid in money which was corrupted, by being subject to the "structures" as well as outwardly by its symbolism: Above the lion there was (and still is) a star instead of a crown. But not even the emigres can boast of the indisputability of their decision and the act of leaving this country: They left a country of political penury and went to countries of already established freedom. Therefore, to come to terms with the past means that those who feel themselves to be relatively better than others also acknowledge their share of responsibility. That does not mean erasing differences.

However, because the amount of guilt is very easily magnified or minimized according to the need of the moment, nobody is protected from the malevolence of opponents in the political struggle for power. Do you have something against the minister of the interior? Right away it is possible to find something against the one who complains about him. The door is also open for fictitious accusations. Who knows what may be added to someone's previously secret materials, or how some mark or entry may be interpreted? If we were to proceed with total intolerance against all our guilty acts, we would have to exchange the nation. If I, as the rector, were to expel everyone who has been in some way guilty, the university would cease to function altogether, not only as far as the teaching staff is concerned, but the students as well. How many were admitted to the institutions of higher learning thanks to the most diverse, unfair preferential treatment, how many of them paved their way by participating in various activities which had positive political value, just to gain needed points for the admission process?! And so there is nothing to do but to proceed differentially, resolve flagrant cases vigorously, change the leadership (that has actually happened: Beginning with the rector, through the deputy rectors, deans and deputy deans, to the department chairmen where there already are also mostly new functionaries—and still it cannot be guaranteed that those newly elected are beyond dispute as citizens and professionals!!!) and subject others to new tests, which can be done only step by step.

There is urgent need for time. Agitation must be calmed down. The nation must be accepted in its problematical composition. All conflicts must be resolved in proceedings. This is no time for defenestrations—and I was surprised that the Chartists applauded this word so vigorously at the joint meeting in the Municipal Hall. We do not throw people out the window, but after investigation we give them proper notice with an appropriate time limit. As long as we are able to deal with even the most painful matters—therefore, also personal matters—in deliberations, we shall be in step with the times.

I believe it would be very appropriate if Charter 77, a group which rightly enjoys a moral respect thanks to its civic activities in the past, spoke not as a superior segment of our civic community, if it would vigorously point out the necessity of realizing the weight of guilt of all who lived in this common space, if it would try to push for as calm and sober approach as possible, to rise somewhat above the past in dealing with personal matters, for a calm period of time to be given to serious evaluation. Everything must begin with the awareness of shared guilt! Charter 77 should in this sense take the first step and give up its moral superiority, take its place in the nation as an also criticizable and criticized political act, as an association of those who prior to it, but also during and after it, also struggled along, and still are, in a daily search for the possible, the bearable, and the convenient, whose "excellence" can be ascribed only in negligible touches to their personal excellence, bravery, and morality.

Does Charter 77 actually still have any social viability? It has credit from the past—but today?

I am a Christian—a Catholic. As I understand religion, I understand every slipup in life, every pitfall in life, even every misfortune and suffering, as the destiny assigned to me, through which it is my task to journey toward new opportunities. But it is, of course, an essential aspect of this journey in search of the new, a journey where every human being is called upon to be responsible for overcoming his inadequacies, for striving for what is good, right, and just, to recognize and admit his faults and guilt as such and do penance for them. Only this is the way to go forward. Everything else is just wallowing in the morass of the past that leads nowhere, in fact, because we are talking about new mistakes of the old kind. It exacerbates one's own guilty acts. It is certainly right that society should expect of those who in the past not only made mistakes, but also significantly participated in the introduction of the totalitarian regime and its functioning, that, mindful of the particular course of their life, they will now be circumspect in their ambitions for leadership in political decision making. On the other hand, I want to point out that among the leading figures in Christianity is St. Paul, who, before his Damascus, harshly persecuted the Christians.

Therefore, let us talk about all these and similar matters—but with the goodwill to get at the substance. Let us turn away from the displays in the tabloid press where instead of substantive investigation of a given problem they drag out demagogic arguments against their adversary. You, yourself, have—albeit somewhere else and unrelated—other problems and difficulties. I know—these are requirements which in the end can always be met only up to a point. However, without such openness toward the demand for a truly honest citizenship we shall not get anywhere. And so I also turn in this matter to the President of the republic, the founder of Charter 77; he knows that I respect his advisers, that I am acquainted with them, that I have nothing against them personally, but why do not the advisers also join in an open political dialogue, why do they not participate by their questioning and their viewpoints in the search for solutions? The public does not know them and it has the impression of some secret diplomacy. It is not possible for people to be left totally without contact with the nature of the activities of those who are after all, and rightly, among the important political movers in our state! Precisely this thus far "secret" group in the castle would have the chance to be the catalyst of what should be the direction to a real political life, rather than making personal disputes and transitory sensations almost the only interesting subjects of our public discussions.

Yes, personal matters are also among the things that can be discussed publicly. But, for heaven's sake, let us not drown in it! Why, for example, are so few discussions and commentaries devoted to foreign policy? Is not the old mistake from the first republic being repeated, when newspapers were full of interparty insinuations and for the most part only the minister took care of foreign

affairs (for a considerable time Dr. Eduard Benes)? After all, it was in this respect that we then suffered many catastrophes—for example, the poor and insufficiently thorough information about the totalitarian Soviet Union. Today it seems that so far our steps in foreign policy can be given an A, but where are the analyses and commentaries on the true significance of these steps? And instead of that, our entire attention is focused on matters which are of very particularized interest, if not party interest. I repeat, they, too, must be illuminated and cleansed, but let us not lose our sense of proportion and view of the future.

To sum up, honorable spokespersons for Charter 77, write a document or arrange a round table and call for a dialogue, or something—call for level-headedness and calm, encourage the nation, as well as every participant in political conflicts, to engage in self-reflection! Contribute to a substantive approach, sobriety, and decency in our political life!

Educational Reform Urged

*90CH0097B Prague SVOBODNE SLOVO in Czech
28 Apr 90 p 1*

[Article by Jana Vrzalova: "School Again a School"]

[Text] Public opinion has aroused many times already by questions concerning a proposed amendment of the educational law. No wonder. The current law No. 29/1984 is totally unsatisfactory and influenced by the totalitarian tendencies of the former regime. And since besides the economic laws, this amendment is at present certainly one of the most important, it must be dealt with as soon as possible. Parents as well as educators expect it.

That is why it surprised us to hear in the halls of the Federal Assembly that there are certain tendencies of a political nature to push this amendment into the background and postpone discussions on it to the second half of the year. Concern about using this problem during the preelection struggle was expressed by the initiators of the aforementioned amendment to the educational law concerning the system of primary and secondary schools, representatives of the Czechoslovak Socialist Party Blanka Hykova and Jiri Ladr. We therefore asked them to tell us briefly how things stand.

[Answer] At this time, the Ministry of Education drafted an amendment to be debated in all committees of the Federal Assembly. We are all convinced, of course, that it is not ideal as conceived. Our main objective was to remove all the negative aspects of the 1984 law, which literally acted as a brake on the normal education of young people, and in a certain way distorted the entire educational system.

[SVOBODNE SLOVO] What is the reason for your concern?

[Answer] The whole nation is now talking about the moral decline which took place here during the past

decade. It is the result also of the distorted educational system. We are all convinced of it. But not all of the representatives are convinced that this parliament should be the one to approve this amendment of the educational law. Of course, if it is not done by the beginning of May, we shall have lost not only another school year, but the question of the standing of the vocational schools, secondary schools, private and parochial schools will remain unclarified. And in the new economic system the situation would be even more complicated. And to use just such a law for the preelection fight certainly is not desirable.

[SVOBODNE SLOVO] What is the most important point of the amendment?

[Answer] First of all, the 10-year school attendance will be discontinued; we will go back to nine years and basic education will take place exclusively in primary schools. It was totally nonsensical, and rightly condemned by the public, to spread out the 10-year education between two types of schools. The 14-year-old graduates then could not apply their skills in practice, because to become legally qualified to work they had to be 15 years of age.

[SVOBODNE SLOVO] Were there not also fears that schools might again become dehumanized?

[Answer] Not at all. On the contrary. It is precisely by the fact of establishing eight-year high schools that we lean toward the humanistic trends in education. This amendment tries to provide room for everything positive that used to be here before. Give school principals more autonomy, so that they can choose the optimum educational method according to their own judgment. The amendment simply makes it possible for the school to become a school again in the proper sense of the word, so that it can be rid of the practice of the so-called involvement, when children were misused for various brigades, etc., at the cost of their education.

HUNGARY

On Their Way Out: Officials' Future Plans Discussed

*25000720A Budapest HETI VILAGGAZDASAG
in Hungarian 28 Apr 90 pp 84-85*

[Unattributed article: "Departing Officials: In All Directions of the Compass"]

[Text] Twenty-seven deputy ministers and state secretaries requested their discharges last week. Some will become representatives in the future, a few will retire, while many—mostly young, well-educated professionals—are looking for jobs ahead of their expected dismissal after the change in government.

Among the politicians requesting discharge and leaving the government, the cases of Foreign Ministry State Secretary Laszlo Kovacs and Industry Ministry State Secretary Laszlo Pal are most clear cut: They were

elected as representatives on the Socialist Party slate. And the constitution now in force requires that persons working in the state administration—except for members of the Council of Ministers and political appointee state secretaries—cannot be representatives at the same time. Therefore, the two state secretaries will depart from their offices on 2 May, the opening day of the new National Assembly. Interior Ministry State Secretary Zoltan Gal also found a place in the ranks of Socialist representatives, but since at this time there is no minister of the interior in office, he will continue to lead that ministry.

The releases of the rest of the departing persons state that they will continue to carry on the affairs of their offices until the new government takes office. According to information we received, at least five of these persons will retire. These are Deputy Interior Minister Sandor Ilcsik, Deputy Industry Minister Gyula Sos, Deputy Commerce Minister Ferenc Spilak, Deputy Defense Minister Lajos Morocz, and Ministry of Agriculture and Food State Secretary Ferenc Szabo.

If one believes coalition rumors, the peculiar feature of the now expected personnel changes will once again be based on the party affiliation of candidates, not only with respect to the velvet chairs of ministers, but also with regard to the distribution of deputy ministerial and state secretarial positions. If the rule of proportional distribution among the parties becomes practice as it did during coalition days after 1945, it could easily happen that older politicians, i.e. not expressly professionals, will be in the majority directing state executive offices.

From among those presently changing their careers, many are not waiting until the new government is established, because they have a hunch that the new government will not want to retain them. For example, State Secretary Peter Kunos and three deputy ministers, Istvan Farkas, Istvan Nagy, and Zsigmond Jarai, are departing from the Finance Ministry. Responding to our question, Kunos said he felt that after 21 years of work in state administration this represents a good opportunity for a change. Effective 1 May he has been elected chairman and president of Agrobank. Farkas is likely to return to his original profession, and, as he said, he is looking for a position in the banking sphere. Nagy did not detail his specific plans either: He will find a place in the entrepreneurial field, and "not even in the medium term would he want to return to be part of economic management." Even though previously several parties offered to nominate him as a candidate for representative, Zsigmond Jarai is likely to "leave" the country for a while, thus avoiding any charges to the effect that he is a parachutist.

In addition to Gyula Sos, of the deputy ministers at the Industry Ministry Henrik Auth, Peter Reiniger, and Endre Szucs are departing. Auth said he felt that he had obtained his previous position not on a political basis, but expressly on professional grounds, and therefore he will not wait until the new government relieves him of

his duties, because that would convey a stigma upon him which he thinks would be unfair. "For the time being I have no specific ideas about what to do," he added, then said that as of recently he has dealt with property management issues, and therefore it is conceivable that he will remain "in that field." From among the departing deputy ministers and state secretaries, Peter Reiniger is one who transferred from the Hungarian Socialist Workers Party [MSZMP] to the Hungarian Socialist Party [MSZP], and felt that it would have a stigmatizing effect for him to "wait until the new government kicks me out." He felt that it would be appropriate for him to offer the opportunity of relief to the government which appointed him. This is because he felt that a majority of the parties do not distinguish between offices and people, and that they intend to do house cleaning in professional positions. Concerning his plans, Reiniger revealed only this much: "I will probably find a position outside the state sector, in the investment field." The fact that Szucs feels uncertain about the future of the Industry Ministry plays a role in his departure. He wants to make a choice at present, at a time when he is receiving offers. As he said: It is likely that his new position will be in the base materials industry, although he has not yet made up his mind.

Commerce Deputy Minister Pirocska Apro, on the other hand, has made her decision: She will return to her previous workplace at Videoton, and will deal with foreign trade issues at that firm. In response to our question, the MSZP member deputy minister also said that she regards the ruling MDF's [Hungarian Democratic Forum] economic program as undeveloped, and in addition, the MDF has stated several times that persons to head the ministries will have to accept the MDF program. Ervin Zsuffa, environmental protection and water resource management deputy minister; and Laszlo Papocsi, agriculture and food deputy minister, will also hold jobs at enterprises. The latter will head the Babolna Combine (HVG 21 Apr 90). On the other hand, Planning Office State Secretary Peter Szerdahelyi has not made a decision. His post is regarded by the parties as an expressly political position, and therefore he feels that he has no other choice than to leave when the government leaves. Nevertheless, he has received several offers in the educational field and from enterprises. Incidentally, the state secretary under certain circumstances would not decline to cooperate with the new government, although, as he said, he does not regard this as a likely possibility.

National Pricing Office Chairman Ferenc Vissi and Social Welfare and Health Care State Secretary Istvan Gyorffy also requested that they be relieved of their duties, but they do not wish to make statements. According to information received by HVG the "list of 27" includes Deputy Justice Minister Tamas Sarkozy; Social Welfare and Health Care State Secretary Istvan Banfalvi; Commerce State Secretary Imre Dunai; Government Commissioner for State Youth Affairs Mrs. Kralik, Erzsebet Cser; Deputy Chairman of the Office of the Council of Ministers Laszlo Vass; and Hungarian

Radio President Istvan Hajdu. Although not on the list, the other state secretary at the Planning Office, Gyorgy Suranyi, also wrote a letter of resignation.

YUGOSLAVIA

Surroi on Free Elections in Kosovo

90BA0074A Zagreb DANAS in Serbo-Croatian
17 Apr 90 pp 23-25

[Interview with Veton Surroi by Ines Sabalic; place and date not given: "Victims of Government Violence"]

[Text] Veton Surroi (age 29) is probably one of the most interesting representatives of the young Kosovo intelligentsia. Son of the SFRY ambassador Rexhep Surroi, who died in a highway accident in Spain whose circumstances have not been altogether cleared up, Veton Surroi, a rational and analytical person with an elite education, fluent in several foreign languages, returned to Pristina where the Kosovo reality that awaited him was chaotic and overheated. He took employment as a reporter for RILINDJA, the Pristina daily newspaper printed in Albanian and a respectable collaborator of many newspapers outside Kosovo. He is chairman of the Kosovo Chapter of the UJDIJ [Association for a Yugoslav Democratic Initiative of Yugoslavia], one of the most esteemed members of the alternative, and an indisputable intellectual authority of one segment of it. This interview was conducted a day before the most recent wave of arrests, this time eight officials of the Youth Parliament, also a segment of the Kosovo alternative, who had presented their program—in which they advocated a civilian state, dialogue, and respect for human rights—to the legally convened and conducted roundtable discussion of the UJDIJ, held recently in Pristina. Does this most recent government move also signify that the UJDIJ and the entire Kosovo alternative are to be treated as criminals at the very moment when the multiparty election race in Slovenia and Croatia is crossing the finish line?

[Sabalic] Did those two roundtable discussions, the first in Mostar, the second in Pristina, which the UJDIJ organized in an attempt to reestablish dialogue on the problem of Kosovo, identify certain political forces and intentions, and from our viewpoint today, what did the conversations make known? Did they offer, open up, or exercise any new options?

[Surroi] The two meetings were conceived as a demonstration of the possibility of conversation about Kosovo in which representatives of the opposition might present their views. The first meeting, in Mostar, was attended by all representatives of the Kosovo opposition, but not by representatives of the Yugoslav, Serbian, or Kosovo authorities. At that time in Mostar we also adopted a rather good declaration which realistically projected the possibility of a gradual transition from the conditions of emergency powers to a situation in which free elections would be possible. It explicitly stated that the police

forces must be withdrawn from Kosovo, that termination of the exceptional powers must be announced, and that at the same time the authorities and the opposition would agree on a month of peace: without government repression or forms of provocation, disorder, and demonstrations. That time was actually necessary if a political consensus was to be achieved among the Kosovo political forces on a declaration concerning conditions of life together in Kosovo in a democratic society, which would be the prerequisite for the free elections.

[Sabalic] The consensus could also resolve the issue of the majority and the minority, an issue which will continue to be relevant even after free elections in Kosovo, once they are held.

[Surroi] That issue will naturally be raised after the free elections, especially because free elections signify expression of the will of the majority. In that case, there would have to be particular mechanisms for protecting the numerical minorities, in this case the Serbs, Muslims, Montenegrins, Turks, Croats, and Gypsies. But that issue is being posed even now, before the free elections, since whatever objective possibility there might be of majority rule in a future democratic society, it is just as true that today in Kosovo, paradoxically, we are living under the dictate of a majority. This is particularly evident in the violent way in which Kosovo has been included in the blueprint of the Serbian national state. Here, again, problems certainly arise when a majority population is being included in that scheme, an inclusion which inevitably results in the transformation of what actually is a majority into a political minority. And, unfortunately, the whole movement to "Serbify Kosovo" is in essence a case of government violence.

[Sabalic] Did the conclusions, then, from the first roundtable discussion, the one in Mostar, reflect the way life really is in Kosovo, and how?

[Surroi] Instead of withdrawal of the police forces, we got police occupation of Kosovo, and there was no contact with the authorities such as was supposed to lead to political consensus. Solutions to the problem through dialogue are increasingly remote. As a matter of fact, now, following the offer from the roundtable discussions, it is clear that the government does not think of this period as a transitional period to free elections, but wants to prolong the situation in which a monopoly of the police, the courts, the mass media, and personnel policy in the economy can be used for it to hold its positions, even though this also includes violence to the citizenry. Some of the people in power actually do not know how to get out of this situation: Just think how those people are going to look their fellow citizens in the face tomorrow, when they know that they have soiled their hands with violence. What is more, they know that the others also know.

Unfortunately, the question of the conflict between the opposition and the authorities also has another painful dimension. And that is that the Serbian population in

Kosovo today does not have its own opposition, since the interests of that population are represented today by the government within the framework of the blueprint of the national state, so that even the so-called Serbian associations in Kosovo are paragovernmental organizations. Unfortunately, such a situation is negative not only for the opposition, which objectively is at present unable to advocate an interethnic consensus at first hand, but also for the Serbian and Montenegrin population itself, which is represented by a totalitarian ideology and regime.

At the roundtable discussion in Pristina, however, one step was taken if nothing else: For the first time, it was possible in Pristina to speak as an opposition outside the barracks of the Association of Kosovo Writers, it was possible to speak in public, which is, after all, a liberation from the complex imposed in a totalitarian society.

[Sabalic] Does this mean some kind of legalization of the alternative, which until recently, and even today, the official authorities have declaratively rejected as an impossible option?

[Surroi] For the authorities, this was only a necessary evil and nothing more. It is clear that the government is not interested in any change of the situation, since this kind of authority, given the quality of its political activity and knowledge, can survive only with emergency powers and in "struggles against the enemy." Let those people draw you a picture of any segment of development, and what you get will be the sketch of the text of a solemn pioneer's obligation.

Elections mean more than a loss of power for the people who now hold it. For Serbia, elections also mean the loss of a puppet regime as well as the possibility that Kosovo could be the domino that would begin the fall of the other two "provincial dominoes"—perhaps even the parent domino, since the stereotype of politicians of the Kundak type would nevertheless not win in free elections. Or perhaps I am wrong.

[Sabalic] Is there evidence in Kosovo of any new and different political sensibility in the attitude of the republic blocs, both of top-level politics and also the mass media, toward the problem of Kosovo?

[Surroi] Constructive vibrations from Macedonia can be felt, since in the present democratic wave of reassessment in that republic the turn has also come to open up the repressive model for resolving the Kosovo crisis. And that is natural for Macedonia, not only because of the democratic climate which is nevertheless being felt, but also because it is the destiny of all small peoples in a totalitarian regime to have to think about the possibility of something similar happening in their own house tomorrow. Progress concerning Kosovo occurred a bit earlier in Bosnia-Herzegovina with the change or redistribution of political centers in that republic, and something similar could occur, a bit later, in Montenegro as well.

Processes are somewhat different in Slovenia and even more in Croatia. That is, the public in those republics is turning toward its own problems, which is normal in the present preelection atmosphere. Perhaps this turning inward to their own republic will be still more pronounced, for two reasons.

First, after the free elections in Slovenia and Croatia perhaps for some time yet there will not be free elections in other parts of the country, so that the new balance of power in those republics will concentrate on creating coalitions and naturally also on what issues the coalitions are to be built around. This especially applies to Croatia, which has begun to speak out over a broad range from something which resembles Kosovo Polje in the Dalmatian Zagora to something which resembles the Croatian version of a national newsmagazine following the eighth meeting. Even now, one can speak about Croatia's transition from the so-called Yugoslav synthesis, which even today has remained undefined to a "normal state" of national statehood and of redefining that statehood. Someone might say: Croatia and Slovenia will be conducting some kind of Chamberlain policy—that is, looking to keep their own houses in order while over there somewhere the Czechs and the Poles are disappearing. However, the answer to that would be that those two republics have already been doing that to some extent even up to now at the level of so-called top-level policy, and above all with respect to the constitutional amendments in SR [Socialist Republic] Serbia. Both Slovenia and Croatia, acting through their politicians, left the issue of the internal structure of SR Serbia to the political forces of Serbia, and at the same time they did not take every move that was made in the internal structure of SR Serbia as at the same time a shift in the internal structure of the Federation. If Kosovo were now to be forgotten, as proposals to abolish the status of the provinces as federal constituents would like to forget it, this would either be the result of certain serious and new discoveries that it is unproductive to live in Yugoslavia any longer or the result of an illusion that the best solution in the common home is for everyone to mind his own business. As for what the press has been writing and the reports on television recently, it is worth knowing that the Kosovo audience follows carefully what is happening with the media, especially the Croatian mass media, which are more accessible. The citizen of Kosovo, a citizen in trouble, and that is true of all of us who live here, wants to be identified, wants to know that his problem is accessible to someone else's knowledge, to feel that he is not alone with his problems and that someone has understood that problem. Some people have been accusing the Croatian press of slowly changing its views toward Kosovo and of losing interest. It is probably a question of oversaturation with Kosovo. Kosovo has become only one of many hotbeds of crisis and the recipient of information in the north of the country has probably passed over into a phase in which we are all in Yugoslavia or in Europe when we receive news from the Near East. That is, a man gets all the violence he can take, and violence becomes a stereotype.

Kosovo is a stereotype of violence. This sounds to people like the normal state, like something which has simply always happened, not as something which is happening for specific reasons and in one's own country. Nothing is surprising any longer: occupation, victims, tortures.... Violation of human rights in Kosovo is no longer news, it is nothing new. This is actually the most dangerous state of affairs for human rights in a country, since the defense of human rights in any part of the country or continent or world is a defense of one's own rights. No one in this country is safe so long as people are being killed in the streets of Kosovo.

Some people might think that the world already knows that the Serbian regime bears responsibility for these violations of human rights, but that is utterly irrelevant. That is, the victims are continuing to fall, and the very issue of the survival of that regime within Yugoslavia is actually a sign of its weakness and indeed of the weakness of its parts individually.

[Sabalic] What does the Kosovo alternative expect from the elections in Kosovo and Slovenia? Has it been following them with hope or concern?

[Surroi] I can speak only for myself. Two things seem essential to me. First, free elections and the peaceful way in which they have occurred open up a line of development which must be respected, and they are becoming an example for the other parts of Yugoslavia. After the elections, it will be clear that it is possible to move toward a democratic society along a peaceful road and that there is no danger here whatsoever for "stability and integrity" of this or that community, as the political commissars have often been ready to say. As a matter of fact, stability and integrity are today threatened when those elections do not occur and when the jacket of the political and social system is so tight that the seams are simply bursting on all sides.

Regardless of the results of the elections, even if those forces which I personally consider conservative win in the elections, the most important thing is that people had a freedom of choice and now share the responsibility for everything that happens in their community until the next elections.

The second thing, and I have already spoken about this, is this enclosure within the limits of the national states, along with hints of confederation on the part of almost all the political forces in Croatia and Slovenia, so that one can sense the emergence of some new axis like that of the Kingdom of Serbs, Croats, and Slovenes, that is, a division into major and minor Yugoslav leagues of republics and provinces. That is, whereas up until now we have had Slovenia and Serbia at odds with one another, as two republics with clear identity, now they are being joined by Croatia, which is passing from an amorphous synthesis to a specific national policy, probably under strong nationalistic pressure.

The other federal units will have to go on fighting for their identity, and even if they achieve it in political

terms, it is very doubtful that they will have an economic position for any serious political decisionmaking.

If free elections were held throughout Yugoslavia, the situation would be much easier. Until that happens, old coalitions or tacit agreements are possible. For example, an interpretation is quite possible in which there might be an agreement between the national leaders of Croatia and Serbia: You leave my Serbs alone and I will not touch your Albanians; or again an agreement in which consent to the conduct of the economic reform is obtained by keeping silent about the Kosovo crisis and especially the violation of human rights, which is now the case.

[Sabalic] What would it mean to the mood of the population being repressed if it were found that the support of Slovenia and Croatia, which has been at least verbal, was at the service of Realpolitik, that is, did not mean real concern for the violation of human rights.

[Surroi] I would not make it so sweeping. I think a large number of people in those republics have been really concerned about human rights and indeed about ethnic rights outside the game of Realpolitik, since they were afraid about what was happening in one part of the community. But this certainly is not related to the tacit consent of the Croatian politicians and some of the Slovenian politicians when it comes to carrying out Serbian policy in Kosovo, above all concerning the constitutional amendments, and indeed even the way in which those amendments were made. The Albanian population has today created a rather clear position to the effect that it must rely only on itself.

[Sabalic] In this new situation, accented today by cases of poisoning of the population, is the homogenization of the Albanian alternative in Kosovo becoming stronger?

[Surroi] Some degree of homogenization must exist, and this is actually a kind of consensus. And this has to do with parliamentary democracy, the law-governed state, human freedoms, the market economy.... I think that we must continue to insist on that consensus and deepen it particularly concerning the question of the sovereignty of the citizen, since I think that the sovereignty of the ethnic community still has a certain advantage on the ranking of preoccupations. And the entire concept of parliamentary democracy stands or falls, in my opinion, over the question of the citizen's sovereignty.

But what is essential is that even in this situation one cannot speak about unanimity within the Albanian opposition, since there are at least three political characteristics of the various organizations. One favors the constitutional emancipation of Kosovo as an essential solution, the second emphasizes reconstruction of society on the foundations of social justice, while the third is thinking exclusively about civil emancipation. There is no question that resentment about the present solutions for Kosovo is dominant in all of them.

[Sabalic] If there were free elections even in Kosovo, could coalitions emerge among the elements in the present alternative, coalitions that would be opposed to one another?

[Surroi] Of course. This is a process that will speed up because of social insecurity. The social structure in Kosovo does not allow right-wing positions, but there certainly will be a confrontation between the center and the left-wing bloc, and perhaps even the more extreme left-wing bloc, which will not enter the left-wing coalition.

[Sabalic] What do you think about the news that Azem Vllasi will be released?

[Surroi] Happy as I am that one human tragedy is being terminated and that Vllasi will go home after a year of prison, I am just as firmly convinced that all of us are the prisoners of this system and that they can take us and hold us in prison as long as they like. It is enough for someone to promise the masses an arrest in a mutual state of euphoria, to put it mildly, for people to be held for a year in prison, so that it is enough for some partner very essential to Yugoslavia to say that moral and dollar support depends among other things on whether Vllasi is free or not, for Vllasi and the others to be released. Do not forget that there were many more people like Vllasi. And do not forget that the "group" with Vllasi also included Avdi Uka, a miner, the father of 10 children who have been without a breadwinner, and a man who could have been given the death penalty because, as his indictment states, he kept order among the miners. The public will forget, but those people and their families will not, nor will the entire Albanian public in Kosovo. With the case of Vllasi and indeed even his release, Yugoslavia has proven, as far as Kosovo is concerned, that it has not advanced very far from the totalitarian state. Vllasi, who shared in that ideology, has gone through purgatory, and even if he does not take a direct part in politics, he will be an important and significant opponent of the glaring and easily made promise of his arrest. And finally, and this certainly is equally essential, the small progress in creating a new climate in the citizens of Kosovo, although here again bipolar. That is, the Albanians will at least remove from their agenda the issue of an absurd

political trial which was seen as proof of the arrogance of the authorities in proving that they could do everything, even shame themselves before the world and their own population. However, the Serbian population will face a dilemma: If Vllasi's arrest and trial were evidence of the consistency of the policy in Kosovo, is his release a sign of the weakness of that policy? And second, following a number of lists of arrests, and it is obvious that the rally atmosphere is always demanding some new enemies who have to be hanged or arrested, whose name will be next to be shouted in the context of the "blanket and the shade"?

[Sabalic] Will Vllasi be accepted without reproach within the Albanian community, or will a problem be made of his political activity?

[Surroi] We have to believe that both processes will take place. That is, the very fact that he went through prison as the victim of a rigged political trial, which just in the last year has killed more than 70 citizens of Kosovo, is enough for him to be accepted as one of "ours" in the present collective state of mind of Albanians in Kosovo. Yet on the other side, there will be quite a few people who for one reason or another, whether frustration with the present situation or the need to criticize the past political activity of people from Kosovo in politics, would subject him to scrutiny. Incidentally, as far as I was able to see from his interview in DANAS, he himself has placed himself under scrutiny.

Vllasi, however, still has the advantage, not only because of his quick political reflexes (although in the context of certain other faults), but also because he has a new time in front of him. First of all, the political market. If it should be established soon, he, along with all the others, would have a chance to be realistically evaluated. During the time when he was in power, leaving prison was a sign of total and indefinite excommunication by the regime, while the population would be absolute in making you a hero. As the political consciousness of citizens of Kosovo has evolved, Vllasi has a better chance of being a man of flesh and blood who has his good and bad points, a politician who has his ups and downs. In such a situation, of course, it is not the market that will determine whether Vllasi will again be one of the Kosovo representatives or not.

POLAND

Restructuring of Army, Duration of Soviet Troop Presence Viewed*90EP0551A Warsaw ZOLNIERZ**RZECZYPOSPOLITEJ in Polish 9 May 90 pp 1, 6*

[Article by Janusz B. Grochowski: "Who Is To Defend the Security of the Country?"]

[Text] Unfortunately, a joint meeting of the of the Sejm Commissions of National Defense and Foreign Affairs chaired by Professor Bronislaw Geremek on Tuesday (8 May) was held in the absence of journalists. Issues associated with the temporary stationing of the Northern Group of Forces of the Soviet Army in our country were the subject of a discussion by the deputies on which Gen. Div. Doctor Mieczyslaw Debicki, representative of the government of the Republic of Poland for the issues of the stationing of Soviet troops in Poland, made a report.

[ZOLNIERZ RZECZYPOSPOLITEJ] The Soviet contingent which numbers 58,000 soldiers is stationed in 35 garrisons located on the territory of 17 voivodships, mainly in the west. We also know the terms on which they stay here, but this topic still gives rise to much emotion...

The parliamentary reporter of ZOLNIERZ RZECZYPOSPOLITEJ approached Dr. Janusz Onyszkiewicz, deputy minister of national defense, who is responsible precisely for the issues of international relations of the armed forces, with a request to outline what was debated "behind closed doors."

[Onyszkiewicz] I am not at all surprised that this topic is that significant. First of all, a question comes up which dominated during the debate in both commissions of the Sejm: How much longer will the Soviet troops stay in Poland? It is very difficult to answer this question. When an agreement was signed in 1956—the one which is obsolete, imperfect, and in need of changes by now—on their temporary stay in our country, the word "temporary" was just a polite gesture of sorts. The political reality of that time was such that, perhaps, both sides were convinced that this meant the permanent stationing of Soviet troops. At present, the situation is completely different. A decision in principle has already been made that in the future these units will leave Poland. When? In how many years? Once again, determining the time is extremely difficult in this instance. The political situation is changing very rapidly; it is not known for how long the Soviet troops are going to stay in the GDR. For as long as their major contingents continue to be stationed there, Poland, understandably, should ensure an opportunity to supply these units efficiently, that is, some Soviet military presence should exist in our country.

[ZOLNIERZ RZECZYPOSPOLITEJ] However, they will be stationed in Poland on different terms...

[Onyszkiewicz] They are being negotiated by the government, by its economic representation rather than the Ministry of National Defense. Of course, the current terms are unfavorable to us. The system of settlements which is obsolete causes us to add considerable sums from the budget to the supply deliveries to Soviet troops. Unfortunately, there is a certain impasse in these negotiations. The issue of criminal persecution of Soviet soldiers for crimes committed in Poland is another problem. The old agreement includes a clause which says that Poland does not have jurisdiction over acts committed in the line of duty. This is a very elastic notion which can even hide offenses against our state interests.

On Tuesday, the Commission of National Defense, meeting separately, also discussed, on the initiative of the deputies, the course of organizational and cadre changes in the armed forces.

Gen. Div. Stanislaw Zak, chief of the MON [Ministry of National Defense] Cadre Department, said: "The objective of restructuring the armed forces is to adapt their format to the tasks following from the changed defense doctrine, reduce the strength of the army to the level of necessary sufficiency, and change the structure in favor of line units, as well as to equip it with more up-to-date materiel and increase the share of professionals in the military from the current 33 percent to 46 percent in the future." As a result of organizational changes the implementation of which began in November 1988, 65 military units have been disbanded to date, including three reserve divisions and engineer-and-construction, railroad and highway, air-force, internal defense and OT [territorial defense] regiments. Several dozen other units were restructured. This caused a reduction in the strength of the army by 33,000, of which 7,000 were career military men. Unfortunately, in the process negative phenomena could not be avoided, such as, to mention one, the outflow of too many young officers. Why are they leaving? In resignation requests, they refer to the reduced stability of the military profession, a decline in its public prestige, the difficulties of service, and, finally, their poor financial situation which they consider possible to improve in "civilian life." However, the picture of these possibilities is mixed. Deputy Minister Janusz Onyszkiewicz called on the deputies to combat resolutely all attempts to discriminate against former servicemen who are looking for work. Unfortunately, such messages keep coming increasingly often. For its part, the ministry is trying to help the people for whom, paradoxical as it may sound, there was no room in the armed forces which have 22,000...vacant positions. These are primarily noncommissioned officer positions, and taking them would involve, in the case of most of those discharged, changing their military occupation specialty and frequently their place of residence. Meanwhile, it is unknown what is to be done about 1,500 political officers, officers of the railroad and highway troops and construction services, as well as 145 pilots.

Gen. Arms Dr. Antoni Jasinski, deputy minister for general issues, deputy minister of national defense,

explained: "Given this, why did they begin restructuring with the units, leaving the staffs alone? Because it is the units that the tanks and aircraft are in which had to be retired in order to equalize the force levels for the Warsaw Pact and NATO." However, at the next stage of restructuring, which has just begun, it will embrace primarily the central institutions of the MON and operational staffs of the military districts and services of the armed forces. Before 1995, their cadres will be reduced by one-half, and in the case of the Main Administration of Upbringing of the Polish Armed Forces which is being transformed into the Department of Upbringing, by as much as 80 percent. In the Chief Quartermaster's Office of the Polish Armed Forces, three offices of the chiefs of the foodstuffs, uniform, and POL [petroleum, oil, and lubricants] services will be merged into one—that of quartermaster's supplies. Offices of the chiefs of aircraft materiel and seagoing materiel are to be liquidated, and three offices will be created out of the five remaining offices in the department of materiel. Considerable changes and structural simplifications will also be made in the staffs of districts and services of the armed forces, from among which two, of the Air Force and the National Air Defense Forces, will be merged soon. Similar processes will also occur in the system of military education, which will have four academies and higher officer schools. Mergers of the Wroclaw school of mechanized troops with the Poznan armor school, and of the Wroclaw engineering school with the Krakow chemical school will occur soon. A total of 2,500 career military personnel, mainly officers, will leave the central institutions of the MON and operational staffs within the five years to come.

Changes under way in the armed forces also affect the generals. At present, there are 141 generals on active duty, out of whom seven have been detailed outside the ministry, and 14 are at the disposal of the MON.

Therefore, in our country there is one general for every 380 officers, whereas in the GDR for every 130 officers, in the United States for every 180 officers, in the FRG for every 200 officers, in France for every 70 officers, and in Italy for every 60 officers. Despite this, the number of generals has been dropping consistently in the past two years. Last year, 30 of them retired from the Polish Armed Forces, and only five new promotions to general ranks were granted. It is expected that this year 38 generals will leave, and eight officers will receive the rank of general. There are two members of the Commission of National Defense, Gen. Bde. Tadeusz Jemioło and Colonel Zenon Kulaga, among those newly promoted. Next year, the number of generals is likely to approximate that of September 1939, at which time there were 98 generals.

Issues associated with reviews and, primarily, compensation to the individuals who were improperly discharged from career military service in the past also belong among cadre matters. A special commission has been set up in the MON Cadre Department which is to review about 200 such cases referred to it. Until now, 57 of them have been reviewed, as a result of which some officers were reinstated in the service, and others received large sums in financial compensation.

At the Tuesday meeting, new deputy ministers of national defense introduced themselves to the deputies. Bronisław Komorowski said that he intends to make the department of political supervision into an educational corps, and a considerable segment of the officers with whom he has cooperated are prepared to support him. A change was also made in the composition of the Commission on National Defense. Janusz Okrzesik (Citizens Parliamentary Club), who may be one of the youngest deputies in the Sejm of the 10th term, became a new member of the commission.

BULGARIA

Finance Minister Analyzes 1990 Budget

90BA0120A Sofia IKONOMICHESKI ZHIVOT
in Bulgarian 11 Apr 90 pp 1, 6

[Interview with Belcho Belchev, Council of Ministers deputy chairman and minister of finance, by Aleksandra Chinarska; place and date not given: "Is the Pocket of the State Bottomless?"—first paragraph is IKONOMICHESKI ZHIVOT introduction]

[Text] Among other important documents, the country's Law on the Budget for 1990 was approved at the 15th Session of the Ninth National Assembly. On that occasion, one of the editors met and discussed the matter with Belcho Belchev, deputy chairman of the Council of Ministers and minister of finance, who was kind enough to answer questions.

[Chinarska] Comrade Belchev, in addition to being minister of finance you are also deputy chairman of the Council of Ministers. For that reason we would like our discussion to be somewhat broader. Therefore, our first question to you is the following: How would you characterize, briefly, as a real professional, the actual financial situation of our country?

[Belchev] To a large extent it is already known to the country's public. In recent years the state budget has shown a deficit. Considerable debts have accumulated to cover the deficit and to ensure state investment credits. A large number of companies and organizations are in a difficult financial situation. Postponed consumer demand has reached significant size. This year alone the disparity between income and commodity coverage exceeds 2 billion leva. The foreign debt has reached a level which is critical to the country's economy.

It is particularly important not only to control the bad financial situation but also to make an objective study of the reasons which trigger it. The economic policy which was pursued in recent years failed to ensure the normal development of the structure of the national economy and led the country into a state of economic crisis. A significant percentage of resources were directed toward the development of a limited number of sectors which were declared strategic. At the same time installed capacities were not being used efficiently and a number of traditional sectors fell back in their technological updating. Instead of the predicted huge profits there were large losses and subsidies. As a result of all this, starting with the beginning of this five-Year plan, the pace of economic growth declined.

Reformism in economic management and the constant changes in the organizational structure of the production process had a particularly adverse impact. This led not to an economic upsurge but to a distortion in the economic thinking and behavior of the people. On all management levels the personnel did not work creatively but waited

for instructions and decisions "from above." Production, labor and financial discipline dropped drastically and irresponsibility increased.

Under such circumstances of the economic crisis, the 1990 State Budget must be such as to ensure a certain improvement in the country's financial condition and to create prerequisites for making a radical economic reform.

[Chinarska] Very well. What are the particular features of the 1990 State Budget compared to the previous ones?

[Belchev] Above all, the budget has been made consistent with the real condition of the national economy. The starting positions taken in its formulation were to attain a maximal consistency between expenditures and the real possibilities of the country's economy and to solve some of the most pressing social problems.

Decisive steps were taken to limit budget expenditures. All nonproduction and socially unjustified expenditures were eliminated and budget funds for financing capital investments, above all in the production area, were substantially reduced. The released resources were channeled into increasing minimal wages and pensions and improving wages of health workers and teachers. Priority was given to providing funds for the social and spiritual areas. Despite the overall trend of reducing expenditures, additional resources will be directed toward broadening the network of schools and health and social institutions.

[Chinarska] Nonetheless, what are the most general features of the budget?

[Belchev] A new feature in the formulation, discussion, and adoption of the budget is its broad public nature. The budgets of all municipalities and departments and information on relations among economic companies and organizations and the state have been submitted to the National Assembly. This packet of documents contains more than 700 pages which, were put at the disposal of the peoples representatives and were accessible for discussion and suggestions by the citizens for an entire month.

For the first time, detailed budgets of the Ministry of National Defense and the Ministry of Internal Affairs are being submitted for consideration. A necessary prerequisite for openness, information and democratic participation of the people in the discussion of the budget will be further implemented also in the final approval of the budgets by the municipal peoples councils.

The projected budget revenue will be 24,864,200,000 leva or some four percent higher than the previous year. Most of it will come from the revenue tax, excise taxes, and the profit tax, which, however, will be increased by no more than 1.3 percent. The small increase in revenue will be due both to the worsened parameters of economic growth as well as the line which was taken of gradually reducing the tax burden of companies and organizations.

The highest growth (6.3 percent) is anticipated in income from social security payments. However, we must bear in mind that this is due to increased wages in the nonproduction area and not to any real growth of the economy. We must also take into consideration the faster growth of the cost of social insurance which in 1990 will be 7.9 percent higher than last year.

Taxes and fees paid by the population will remain at some eight percent of the total budget revenue despite the increased population monetary income and the expansion of individual and collective labor activeness of the citizens. In this case a decisive role will be played by an increase in the nontaxable minimum level of income, as voted by the National Assembly.

State budget expenditures for 1990 will exceed income by 1,011,000,000 leva, totaling 25,875,000,000 leva.

About 40 percent of budgetary expenditures will be used to finance the social and spiritual areas. Most of the funds will go into education and health care, respectively 2,246,600,000 and 1,662,000,000 leva.

Subsidizing material production accounts for a significant portion of the state budget. This is a heavy burden for the state and one of the main problems of the country's economy. Despite the short time allowed for the formulation of the budget, significant efforts to analyze the figures were made. On that basis decisive steps were taken, as a result of which the relative share of such subsidies in budget expenditures was reduced by some five percent.

The view that substantial steps were not taken in this respect has been expressed in the press, at the national roundtable meeting and on other occasions, voiced by our economists. It was pointed out that subsidies could be reduced immediately from 6 billion to 1 billion leva. Let me give you two examples:

First: More than 2.4 billion leva are related to retail prices and are subsidies which guarantee the set prices of basic consumption goods, such as bread, meat, milk, cooking oil and sugar. Milk and dairy product subsidies alone account for more than 800 million leva. Their fast elimination means nothing other than a high increase in retail prices.

Second: More than 1 billion leva in subsidies go to ferrous and nonferrous metallurgy, the power industry and the heavy chemical industry. Their immediate elimination, as has been suggested by some economists, would mean closing down all mining enterprises in the country and an automatic unemployment of between 300,000 and 500,000 people.

These facts alone indicate that in 1990, which was repeatedly defined as a transitional year from a centralized management system to a socially oriented market economy, any hasty measure could have exceptionally grave social consequences. That is why efforts to limit subsidies are continuing along with steps taken by the

government and the companies to upgrade the efficiency of production structures and close down losing and unprofitable units.

The 1990 Budget stipulates 1,487,600,000 leva for capital investment financing. The bulk of these funds are channeled into the development of the social infrastructure, with priority given to the building of schools and health and social institutions, housing and water supplies. This will create the necessary social guarantees which would limit the influence of the crisis on sectors in the spiritual area and the needs of daily life, which are of particular importance in implementing the social policy of the state.

[Chinarska] Minister Belchev, the press has reported that the task of the budget is to ensure the lowest possible cost of the transition from centralized to market management, guaranteeing the minimal living standard of the people. How will this be achieved?

[Belchev] The state budget was drafted in coordination with the formulation of the anticrisis program of the government. Traditional administrative-command methods have already totally exhausted their possibilities of stabilization and upsurge of the national economy. We need a conversion to a market economy which will be based on the equality of the variety of forms of ownership and management. The main objective of the anticrisis program is to outline the way leading to the creation of a market for means of production, manpower and capital, and a respective system of price, tax, foreign exchange and other economic regulators.

The conversion to a market economy will inevitably involve social consequences, determined by the objectives, stages and speed of its implementation. Such a transition cannot be the work of any single specific political force. It requires the unification of the efforts of the entire people on the basis of a social consensus on the path which will be followed by the nation.

The 1990 Budget creates both starting conditions for the implementation of a capital economic reform as well as prerequisites for reducing the social cost down to a minimum.

[Chinarska] You have repeatedly emphasized that with this budget an effort is being made to turn the economy around. At the same time, however, you have also stressed that this is an open budget. In your view, what could be done this year other than the steps stipulated to guarantee the budget?

[Belchev] Improvements in the country's financial condition and the implementation of the state budget require, above all, decisive actions to upgrade the efficiency of the economic activities on all management levels and all jobs. We must drastically improve the organization of labor and production and to eliminate the waste of working time and raw and other materials. Companies and organizations must enhance their efforts

to find and conquer new markets and ensure the fuller utilization of production capacities with increased quality and competitiveness. If the country is to come out of its state of crisis we must significantly upgrade labor discipline both as an obligation and as the personal responsibility of every working person.

Equally important is restricting the increasing aspiration on the part of a number of labor collectives to solve some of their problems with strikes. Unquestionably, such problems do exist but this is the highest cost of their resolution. Strikes could lead to catastrophic consequences today, when it is vitally necessary to increase productive labor, reduce production costs and dynamize development. The affairs of the state are in the hands of every one of us and the crisis cannot be surmounted by issuing ultimatums although the demands in some cases are justified.

The execution of the budget demands the mobilization of all possibilities and reserves of the economy. We must mount a decisive struggle for saving on budget funds. The expenditure of such funds should result in maximal social and economic effectiveness. It is particularly important for expenditures not to exceed the actually earned income.

It is particularly important in terms of the financial improvement of the country to enhance the role of taxation and financial control on the part of the state over the expenditure of funds and securing the revenue. The development of a strong and relatively autonomous system of financial-taxation control would enable us to limit irresponsibility and the waste of funds and to apply strict order, discipline and accountability in the country's financial affairs. Such control must become a guarantee of social interests and the interests of companies and all citizens. It must penalize any violation of the laws.

It is particularly important this very year to lay the beginning of a conversion to a market system in regulating the national economy. Within a short time we must undertake the development of an adequate price system and an overall tax reform. As of now, gradually, we shall eliminate the existing rules and regulations which hinder the emancipation of economic initiative.

The support of the entire society and all political forces in the country is needed if the set targets are to be reached. Any delay will worsen the crisis and the problems will have to be solved under more difficult and more complex circumstances.

Rules for 1990 Collective Labor Contracts Published

90BA0119A Sofia TRUD in Bulgarian 9 Apr 90 p 2

[National Commission for Coordination of Interests General Rules for Signing Collective Labor Contracts and Agreements for 1990]

[Text] The Independent Labor Unions Confederation, the National Union of Managers, and the Government of the Bulgarian People's Republic, led by the idea for overcoming the economic crisis and transition toward market economy at the lowest possible social cost and for democratization of labor relations, by taking into consideration the need to coordinate the Labor Code statutes with the changing socioeconomic, organizational, and structural conditions, for a more efficient protection of labor, based on the International Labor Organization's conventions and recommendations on collective bargaining, and in accordance with item 5 of the Final Section of the General Agreement among themselves, agreed that in 1990 collective labor contracts and agreements within the limits allowed by law, are to be signed as follows:

I. SUBJECT AND FIELD OF APPLICATION

1. A collective labor contract or agreement can be signed regarding issues on labor or social relations not covered by authorizing decrees of the law. The conditions agreed upon in a collective labor contract cannot be less beneficial for the workers than those provided for by law or those established according to higher level agreements.

2. Collective labor contracts and agreements can be signed for economic as well as nonindustrial activities (education, science, culture, health care, administration, and others).

II. PARTIES AND REPRESENTATION

3. A collective labor contract or agreement is signed by workers as one party and employers as the other party. By request of the corresponding labor organization, collective labor contracts can be signed by subdivisions which are not corporations within their authorized limits. Issues outside their responsibility are settled by the collective labor contract of the organization to which they belong.

Firms, their subdivisions, independent enterprises, and other economic organizations can sign collective labor contracts. The appropriate labor organizations can request the signing of agreements for nonindustrial activities and on other levels.

4. The workers are represented by their labor unions.

When more than one labor union exists in a given section (department), region, office, enterprise, or organization, then each labor union has the right to represent its own members. The method of representation in this case is determined according to an agreement reached among the corresponding labor organizations. If such agreement is not reached, then each labor organization can serve a written proposal individually to the employer to start negotiations. The employer negotiates and signs a contract with whichever labor organization has the greatest number of members.

A company, company subdivision, office, independent enterprise, or organization can sign only one collective contract or agreement.

5. The company, company subdivision, enterprise, office, or other organization is represented by the corresponding head or an individual authorized by him.

The ministry or other department is represented by its head or an individual authorized by him, while the people's council is represented by the chairman of the executive committee or an individual authorized by him.

III. CONTENT

6. The parties' rights and duties can be negotiated in a collective labor contract along the following lines:

6.1. Employment and professional growth

- provide conditions for job security and create new jobs which would guarantee employment for the workers;
- establish criteria for hiring and firing workers as well as rules for placing workers elsewhere after job loss;
- provide conditions for workers with special needs who are under special protection (pregnant women, mothers with little children, individuals with reduced working capacity, and others);
- compensation and social assistance for unemployed workers until they find another job;
- provide continued education and training for workers, as well as retraining, and provide jobs which correspond to the acquired professional qualities;
- other issues on worker's employment, professional growth, and work fulfillment.

6.2. Wages, additional bonuses and income

- conditions and rules for determining and changing wages;
- criteria and indicators for evaluation of jobs and workers, rules and method for determining base wage and individual worker's wages, including awards for special achievements, additional bonuses for yearly accomplishments, additional pay for work conditions, special job conditions, and others;
- indexation of wages (compensation) depending on prices and cost of living according to the established system;
- conditions for determining incomes and payment for piecework, leasing, and other forms of organization and management;
- evaluation and encouragement for innovative recommendations and developments by the workers;

- other questions on organization of wages, bonuses, and additional worker's incomes.

6.3. Conditions for safety and hygiene at work

- improve technological conditions of work (machines and work areas compatible with human labor, mechanical safety, electrical safety, fire safety, explosive safety, and others);
- prevent deviations from rules or neutralize harmful effects with sanitary and hygienic work conditions (microclimate, toxic substances, noise, vibrations, lighting, fields and radiation, and others);
- improve psychophysiologic work conditions (physical burdening, manual labor reduction, monotony, work position, production risk, and others);
- improve the sociopsychologic factors of work conditions;
- improve training and control on work safety and hygiene, provide means for individual and collective protection, work and special clothing, and others;
- develop health care and prevention for the workers, and also provide antidotes, tonics, diet foods, and others;
- carry out testing, studies, research, analyses, and elaboration of recommendations on work classification;
- secure ecologically clean industrial and living environment;
- other issues on securing safe and hygienic work conditions.

6.4. Social development and community services

- rules for acquiring and spending funds for community and cultural activities;
- efficient food services, self-sufficiency and supply organizations;
- provide for the sale of basic living necessities and goods at the place of work;
- provide long term and short term rest, sanatoria and health resorts for needy workers and members of their families;
- provide the workers with transportation;
- sports, tourism, and hobbies;
- ensure places for the workers' children in nursery schools and kindergartens;
- satisfy workers' housing needs and establish rules for housing distribution;
- satisfy the workers' cultural needs;
- additional social services and assistance for workers;

- organize volunteer work activities to secure additional funds for social purposes and the needs of the collective group;
- create company tradition and company culture;
- other social and cultural development issues.

6.5. Work time, work schedule, and rest

- work time organization and method of accounting for it;
- organization and conditions for night, overtime, and additional work;
- organization for the use of paid annual leave;
- work and rest schedules according to work conditions;
- other work time, rest periods, and leave questions.

6.6 Relationship between the parties in settling labor disputes

- provide conditions for administrative and legal relief services for workers;
- organize work according to workers' petitions, complaints, signals, and recommendations;
- establish favorable conditions for the activities of labor dispute commissions;
- organize control on labor legislation and collective labor contract enforcement;
- other questions on worker-management relations;

6.7. Relations between the parties to improve work results

- organize the work process and provide conditions for efficient work;
- adhere to labor, technological, and contract discipline;
- precise and high-quality fulfillment of work requirements;
- ways for the workers to participate in management;
- organization of innovative and creative activities and of work according to workers' recommendations;
- other issues on improving work results.

6.8. Conditions for labor union activities

- conditions for the use of property and real estate, buildings, premises, and others necessary to carry out labor union activities;
- ethical and conscientious relations among labor organizations, their members, and management;

- provide the conditions for labor organizations' meetings and other activities, as well as for nonstaff labor activists to do organizational work;

- other issues on providing conditions for union activities and organizing interrelationships between labor organization representatives and employers.

6.9. Other agreements permitted by law.

IV. RULES FOR SIGNING

7. The collective labor contract or agreement is drafted by the labor organization on the basis of the workers' requirements and suggestions.

The employer is required to give the corresponding labor organization any information necessary to prepare the draft, as well as his preliminary considerations.

If the given information contains a company secret, then the individuals with access to it are liable for its divulgence and any resulting damages.

8. The prepared draft is approved at the general (delegates') meeting of the corresponding labor organization.

After approving the draft for collective labor contract or agreement, the representatives who will negotiate with the other party are elected and their responsibilities determined at the general (delegates') meeting.

9. The draft for collective labor contract of agreement is presented to the employer together with a written proposal to start negotiations.

The employer is required to start negotiations with the presenters of the draft not later than seven calendar days after receipt, unless a longer period has been specified by the presenters.

10. If agreement is not reached, the labor unions can stop the negotiations temporarily to consult with the workers they represent regarding the position of the other party, after which negotiations are resumed.

The procedure established by the Law on Settling Collective Labor Disputes is used in settling disagreements arising during negotiations.

V. ACTION

11. Drafting and signing collective labor contracts and agreements on various levels can be done simultaneously. Generally valid conditions agreed upon on higher levels, are considered as a minimum requirement for signing collective labor contracts, including for those already in effect.

12. The contract becomes effective the day it is signed, unless both parties have specified another day.

The period for which the contract (agreement) is effective is specified in the contract itself.

13. There can be no strikes on issues already negotiated during the period in which collective labor contracts or agreements are in effect.

14. The collective labor contract or agreement is effective for the members of the labor organization in whose name it is signed.

The contract or agreement is effective for members of any labor organization which has agreed to its terms in writing.

15. The effect of negotiated terms on workers who are not members of any labor organization or those who are members of another labor organization is set forth in the contract itself. Those workers who do not participate in a collective labor contract (agreement) do not have the right to take legal action according to Article 366, paragraph 1, item 7 of the Labor Code.

VI. VERIFICATION AND EVALUATION OF IMPLEMENTATION

16. Each party can verify continuously whether the other party is fulfilling its duties; the form and method of such verification is negotiated in the collective labor contract or agreement.

The implementation of collective labor contracts or agreements is evaluated according to rules and methods negotiated between the parties.

VII. DISPUTES ON IMPLEMENTATION

17. The liability for failure to fulfill duties by the parties in a collective labor contracts or agreements is determined according to the rules in Article 60 of the Labor Code, unless the parties have agreed upon something else.

18. Disputes regarding the implementation of a signed collective labor contract or agreement are reviewed according to Article 366, paragraph 1, item 7 of the Labor Code.

CLARIFICATIONS

The term "worker" is used in the sense described in paragraph 1, item 2 of the additional regulations of the Labor Code.

"Employer" is every state, economic, community, or cooperative organization represented by its head, and citizens who independently hire individuals to work under a legal labor relationship.

The term "subdivision" is used in the sense according to Ukase No. 56 on economic activities.

For the Confederation of Independent Labor Unions in Bulgaria: Svetoslav STAVREV

For the National Union of Managers in Bulgaria: Stoyan KADIEV

For the Council of Ministers of the Bulgarian People's Republic: Nora ANANIEVA

30 March 1990

Trade Unions, Government Reach Accord on Labor Reforms

90BA0076A Sofia TRUD in Bulgarian
16 Mar 90 pp 1-2

[Text] The Confederation of Independent Trade Unions in Bulgaria (henceforth referred to as the Confederation, for the sake of brevity), the Government of the Bulgarian People's Republic (henceforth referred to as the Government), and the National Union of Economic Managers in Bulgaria (henceforth referred to as the Employers' Union) are hereby concluding this general agreement for the purpose of resolving in 1990 the most pressing problems which affect the vital interests of the working people and create social tension.

The parties consider the conclusion of this agreement as a beginning of new relations in the formulation and implementation of economic and social policy, for a social orientation in economic development, ensuring the employment and democratization of labor relations, and guaranteeing social safety and justice as the country leaves the crisis behind and converts to a market economy.

The Government, the Employers' Union, and the Confederation favor the type of radical economic reform and anti-crisis program which provides the best prerequisites for socioeconomic stability and a socially acceptable cost of resolving the crisis.

Taking into consideration the exceptionally difficult conditions of 1990, the parties will aspire to encourage involvement, responsibility, and mutually acceptable decisions on the implementation of urgent and inevitable steps to limit the increase in the foreign debt, reduce budget expenses, restructure investments, production, and consumption, surmount market shortages, and resolve the difficult ecological problems, providing that adverse social consequences are reduced to the maximally possible extent through an active social policy.

The parties share the conviction that this very year the following is necessary:

—For all forms of ownership and management to become actively involved in economic life on an equal basis and equal legitimate protection, and for conditions for competing to be made available.

—All legal obstructions which hinder the economic initiative of commodity producers must be firmly eliminated.

—Autonomy and freedom of action for all commodity producers who are willing to work for themselves and at their own risk must be ensured.

- The nomenclatural principle of appointing economic managers must be eliminated. Professionalism must become the determining principle governing such choices.
- Parties must not be allowed to interfere in the activities of economic and other organizations.
- Subsidies and state investments and the upkeep of management be limited; expenditures for activities abroad and for representation must be reduced to a minimum.
- The revival of the countryside must be the prime national task, resolved in accordance with economic logic and the market mechanism; the light and food industries and the revival of agriculture must be given priority and resources must be especially channeled into them.
- The taxation and credit system, the price mechanism, and foreign currency policy must be reformed by firmly rejecting the stereotypes of centralized planning.
- An economic reform which would make the poor even poorer and would intensify polarization within society must not be allowed.

The Employers' Union and the Confederation will work actively to ensure the prompt resolution, on a legal basis and through equal talks, with a view to reducing the social tension, prevent strikes, and the progressing disorganization of production and neglect of labor obligations.

The Confederation, the Government, and the Employers' Union agree on the following:

I. Guaranteeing the Exercise of a Freely Chosen Profession and Labor Employment

Article 1. (1) The termination and closing down of companies, enterprises, production facilities, and activities (including in the nonproduction area) will be undertaken after possibilities for the continuation of their activities have become exhausted.

(2) Decisions concerning closing down and liquidating economic units will be made following a dialogue with the labor collectives which will be fully and promptly informed of the condition and only after a discussion of alternate suggestions.

Article 2. (1) The decision made by the respective authorities for full or partial liquidation and closing down of companies, enterprises, production facilities, and activities will be accompanied by programs for ensuring the employment of the released workers. The territorial state authorities will be included in the formulation and implementation of such programs.

(2) The Confederation, its organizations and members will submit, as they deem fit, specific suggestions on the

formulation and implementation of programs for ensuring labor employment.

Article 3. By the end of April 1990 the Government will revoke decrees and other resolutions which, outside of the Labor Code, restrict the movement of manpower and the free choice of profession and job.

Article 4. (1) Before the end of 1990 the Government and the Employers' Union will formulate and adopt an employment program for the 1991-1995 period.

(2) By 31 March 1990 the Government will pass a resolution on employment for the year, which will also include the conversion of personnel employed in the electronic industry.

(3) By 25 December 1990 the Employers' Union and the Government will draft a program for new jobs to be opened in 1991.

Article 5. By the end of the first half of 1990 the Government and the Employers' Union will discuss the condition of the specialized social enterprises and make changes in the legal regulations governing their status. They will take steps to guarantee the availability of the necessary jobs and suitable forms of organization for the job placement of individuals with diminished capacity, in accordance with the Labor Code.

Article 6. By the end of June 1990 the Government and the Employers' Union must formulate a new system for upgrading the training and skills, and retraining of employed individuals.

Article 7. (1) By the end of 30 April 1990 the Government will submit to the National Assembly a draft new Law on the Work of Bulgarian Citizens Abroad.

(2) International accords, treaties, and agreements on sending Bulgarian workers abroad and accepting foreign workers within the country must be discussed in advance with the trade-union organization which represents them.

II. Wages

Article 8. (1) Starting with 1 July 1990, the minimum wage will be raised from 140 to 165 leva.

(2) The parties consider raising the minimum wage one of the required compensations for the social consequences of the anti-crisis measures the application of which is forthcoming. They accept the principle of periodical reviews of the minimal wage.

(3) The Government, the Employers' Union, and the Confederation agree on the following:

1. In the production area, including subsidized enterprises, the raise will take place within the limits of the available wage funds for 1990, correcting by the necessary amount the base for taxation of the increased wage funds;

2. In the nonproduction area the funds will be provided by the state budget but not to exceed 50 million leva, including for state social security.

Article 9. (1) Starting with 1 January 1991, the Government, the Employers' Union, the Confederation, and the other interested organizations will draft and apply a system for annually defining the principles and limits of the growth of wages on the national and sectorial levels and, on this basis, the economic and other organizations shall set the wages in concluding agreements and collective labor contracts.

(2) By 31 March 1990 the Government will review and introduce the necessary amendments in the legal acts governing the new system of basic wages with a view to eliminating existing shortcomings in its application.

Article 10. The Government accepts the arguments of the Confederation and the Employers' Union on differentiated taxation of the increased wage funds for 1990.

III. Living Standard and Social Security

Article 11. (1) By 30 June 1990 the Government will make public the full information concerning the income and living standards of the population, including the social minimum, the price index, the rate of inflation, and the index of the cost of living, by socioprofessional group and population stratum.

(2) The Government will engage in a dialogue with the Confederation and the Employers' Union with a view to introducing, as of 1 July 1990, income indexing, including wages and pensions, based on the price index and increased living costs.

Article 12. (1) The Government will ensure efficient state control over protecting the interests of consumers. Funds from penalties on price and price-setting violations will be channeled mainly into the development of social activities.

(2) On their own initiative, the Confederation and its members will exercise public control over prices and price setting and suggest specific measures to protect the interests of consumers.

(3) By 31 March 1990, following a discussion with the Confederation and the Employers' Union, the Government will approve a list of goods and services the prices of which will not be increased during the year, ensuring the satisfaction of consumer demand.

Article 13. (1) By 30 June 1990 the government will submit to the National Assembly a draft new Law on Taxation of Citizens' Income and Property through which taxation will be differentiated in accordance with the size of the income. Prior to its submission to the National Assembly, the draft law will be published for purposes of broad discussion.

(2) The parties agree on submitting a motion on the elimination of the bachelors' tax as of 1 July 1990.

(3) Customs facilities for importing goods in short supply by the citizens will be introduced as of 1 July 1990.

Article 14. By 30 June 1990 the Government will introduce the necessary changes in the distribution and utilization of public consumption funds with a view to the elimination of representation and extraneous expenses and the lifting of privileges which violate basic social and moral principles. It will make public any information on expenditures from social funds in the individual areas.

Article 15. By the end of 1990 the Government will formulate an essentially new policy on building, allocation, and utilization of housing, thus eliminating the monopoly of the state and the people's councils. The satisfaction of the needs of the socially underprivileged will take place with the active participation of the state; conditions will be created for the display of free initiative by citizens.

Article 16. (1) The Confederation, the Employers' Union, and the Government will draft a new Law on Social Insurance which will be submitted to the National Assembly before 30 June 1990.

(2) The draft law will be made public for purposes of extensive discussion.

Article 17. The Government will introduce in the National Assembly a motion on improving the legal acts related to social assistance of young families and families with several children, and the support of children, the disabled, and other needy population groups.

Article 18. By 30 June 1990 the Government will submit to the National Assembly a draft new Law on Public Health.

IV. Social Development of the Collectives

Article 19. (1) The rates applied in the collection of funds for social and cultural measures are minimal and mandatory; they include subsidized production facilities and activities.

(2) The Government accepts the suggestions of the Confederation and the Employers' Union on increasing the amount of funds for social and cultural measures in collectives in the nonproduction area supported by the budget, which should be no less than 5.0 percent of the wage fund.

(3) For 1990 the Government will cancel the laws regulating the expenditure of funds for social and cultural measures and will grant the right to labor collectives, companies, enterprises, and other organizations (including those in the nonproduction area) independently to resolve this problem through collective labor contracts.

(4) Through collective labor contracts and agreements, the trade-union organizations will contribute to the

development of the social activities within the collectives and the additional protection of the working people from the consequences of the economic crisis.

Article 20. The Government will rescind the existing laws which prevent or limit the building of social projects with the forces and funds of collectives, as well as the stipulations of Resolution No 4 of the Council of Ministers of 1988 and other resolutions which call for the elimination of minor material facilities for recreation, built with the funds of collectives.

V. Labor Conditions and Categorization

Article 21. (1) The Government, the Confederation, and the Employers' Union accept that labor conditions and the ecological environment have priority in the formulation and implementation of measures aimed at the stabilization and further development of the economy.

(2) By 30 June 1990 the Government will formulate measures and guarantee resources and deadlines for the fast resolution of pressing problems concerning labor conditions in enterprises, as suggested by the Confederation and the Employers' Union, which exceed the possibilities of the individual economic units and departments, as per the attached list.

Article 22. (1) With the participation of the Confederation and the Employers' Union, by 30 June 1990 the Government will draft a new legal mechanism governing conditions and categorization of labor, organization of activities, and control over labor safety.

(2) By the end of 1990 the Government, the Confederation, and the Employers' Union will conclude agreements on specific problems related to the working environment.

Article 23. By 30 June 1990 the Government and the Employers' Union will adopt a program for gradually ending the production, processing, and use of asbestos in the country and replacing it with other technologies and materials, including the ratification of Convention No 162 of the International Labor Organization concluded in Geneva on 24 June 1986.

Article 24. The Government will entertain and resolve within 1 month motions on the categorization of labor at the time of pensioning, received in accordance with established procedures.

Article 25. (1) By 31 March 1990 the Government will discuss the project submitted by the Confederation and will approve a new Regulation on Work Clothing and Individual Safety Requirements.

(2) By 31 March 1990 the Government and the Employers' Union will pass resolutions on meeting the need for work clothing and individual safety means.

VI. Rest and Resort Treatment

Article 26. The Government, the Employers' Union, and the Confederation will set up a commission which, by 31 May 1990, will submit a regulation on ownership rights (possession, handling, management, and use) pertaining to resting facilities previously owned and managed by the Bulgarian Trade Unions and other agencies and organizations. It is on this basis that the justified demands of the labor collectives will be met on restoring their right to handle the recreation facilities built with their efforts and funds or participation in cooperated construction, reconstruction, and modernization.

Article 27. By the end of 1990 the Confederation, the Government, and the Employers' Union will set up an association for social recreation and resort treatment.

Article 28. On the suggestion of the Confederation, the Government will review the laws which regulate the allocation of private housing to meet the needs for room and board resorts, based on protecting the interests of the labor collectives which lease such facilities.

Article 29. The Government, the Confederation, and the Employers' Union will give priority to the centers and resources for preventive treatment and recovery of the working people and children in the areas most strongly affected by harmful elements.

Article 30. The Government and the Confederation accept that for 1990 the old system for subsidizing recreation and resort treatment of the working people will be retained.

VII. Democratization of the Management of Economic Activities

Article 31. By 31 March 1990 the Government and the Employers' Union will consider received requests and will provide an economically and socially substantiated answer to suggestions on enterprises withdrawing from companies and other organizations which were set up with acts promulgated by the Council of Ministers.

Article 32. (1) The Government will submit a proposal to the National Assembly for the elimination of contradictions between Ukase No. 56 on Economic Activities and legal acts on its application and the Labor Code.

(2) By 31 March 1990 the Government will eliminate contradictions in the legal and other regulating economic laws passed by it.

Article 33. By the end of 1990 the Confederation, the Government, and the Employers' Union will draft a new Labor Code and Law on Economic Activities, which will be published for purposes of extensive discussion prior to their submission to the National Assembly.

Article 34. The Government agrees to submit, before 30 March 1990, to the National Assembly a draft Law on Amending and Supplementing the Law on Inventions and Rationalizations.

Article 35. The Government accepts that the draft new Law on the Land be published for extensive discussion prior to its submission to the National Assembly.

Article 36. The Employers' Union will assist the people's councils in the improvement of the social infrastructure.

Concluding Part

1. The present agreement will become effective as of the day of its signing; it will be operative in 1990 and will remain effective until a 1991 agreement has been concluded.

2. The parties to this agreement will accept the establishment of a national commission to coordinate interests, in which each party will have an equal number of representatives. Within a 10-day period from the signing of the general agreement, the parties will name their representatives and establish the procedure and method of the commission's operations.

3. The Confederation, the Employers' Union, and the Government may conclude separate agreements on other matters which are not included in and do not conflict with the present agreement.

4. The parties to this agreement commit themselves to:

a. Conscientiously implement and accurately interpret the clauses of this agreement;

b. Reciprocally exchange information and ensure equal access to it;

c. Acquaint their organizations, authorities, and members with the agreements and obligations they assume and assure their observance;

d. Create favorable conditions for and help the development of collective contracting in economic and other organizations and on the level of sectors, subsectors, and activities within the national economy.

5. By 31 March 1990 the parties to this agreement will suggest a procedure for the conclusion of labor contracts in which less favorable conditions from the ones achieved in accordance with this agreement may be agreed upon.

6. By 20 April 1990 the parties to the present agreement will submit to the National Assembly suggestions on canceling the effect of the stipulations in the Labor Code pertaining to collective labor contracts.

7. The Government, the Confederation, and the Employers' Union accept and recommend that relations between economic managements and trade-union organizations in companies and other organizations be based on collective labor contracts and agreements.

8. The Government, the Confederation, and the Employers' Union consider the general agreement as open: It can be joined by trade union, syndical, economic, and other groups which are not members of the

Confederation of Independent Trade Unions in Bulgaria or the National Union of Economic Managers.

The present agreement was drafted in three original copies of equal validity.

Krust'o Petkov, Chairman of the Confederation of Independent Trade Unions in Bulgaria

Andrey Lukanov, Chairman of the Council of Ministers of the Bulgarian People's Republic

Stoyan Drundarov, Chairman of the National Union of Economic Managers in Bulgaria

CZECHOSLOVAKIA

Problems of Transition to Market Economy Viewed

90CH0041A Prague HOSPODARSKE NOVINY
in Czech 23 Mar 90 pp 1, 6

[Article by Eng. Frantisek Hotek: "Sales Is the Goal—Philosophy of (Only One?) Enterprise"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] A number of commentaries have been published on the need to change the orientation of our economy from a centrally plan-directed to a market system. They are argued on a more or less theoretical level. But the measures to be adopted will fall on the shoulders of those working in enterprises. What they should be doing and how is the source of great worry especially during the transitional period. Hence it is necessary to conduct a dialogue between theory and practice, provide for informational feedbacks. This time we asked the director of the Chodos state enterprise for contributing to the picture of our present situation. We give the pride of top place to the monologue by one of the many directors—captains of our industry because it is our belief that his thoughts, worries and premises are in substantial agreement with the observations of many other leading personalities of the enterprise sphere.

[Hotek] With our 1,500 employees we became a state enterprise in 1987. We had been known as Chepos-Chodos; with no connection whatever to the other Chepos enterprises, we contributed three percent of output and 12 percent of profit to Chepos's overall profit. It was a textbook example of reasons for becoming independent. Today we have no regrets.

Everything in life must be paid for. Suddenly we face a situation like a lone soldier on the battlefield. For 40 years we were obedient executors of commands. A philosophy of one's enterprise did not exist; there was only the philosophy of fulfilling production targets. Now of course we are left with problems in production, supplies, work force and production technology. Now we are supposed to generate our own financing and attain sales revenues which will make it possible. In the past there actually was no call on us to give any special thought to sales. Who is to be served by our products? This is the first and last problem we are now tackling at

management meetings as well as in the workers' council. And of course this includes the kind of enterprise philosophy that would lead to an answer.

This activity involves concepts. For it we need some sort of a "traffic timetable." At present the ministry is absorbed with its own, internal structural changes. For them it is not performing a leading role, at least not in the new spirit. From the ministry we get partial directives, moreover in a hopscotch fashion: they are targeted on maintaining wage levels, restricting material inputs and so on. But they do absolutely nothing to support sales.

From most recent time a concrete example: Steel is subject to allocation and we saw our supply of rolled materials cut by one-fourth. Every reasonable person knows that I cannot save 25 percent overnight. I could imagine, however distasteful I might find it, that there would be an increase, let's say a doubling, in the price of steel. I can pay the higher price and I have customers for my products—so, I can go on producing. I have the customers, I have the money—but I am not allowed to buy. Is this management by economic instruments? It has been said that during the transitional period economic management and management by directive will be intertwined. We have the directive part. On the other part, let me use an illustration: Czechoslovak Railroads has a timetable but still runs with difficulties. We don't have such a timetable and our car must keep running until the time of general overhaul. So we are creating our timetable rather haphazardly from what we read in the newspapers. Yes, we are managing industrial enterprises according to the newspapers!

It is my feeling that the ongoing debate on enterprising and management and structural changes has gone much farther than the legislative amendments which would make it possible to put the measures under discussion into effect. We are operating in an interval of semilegality.

People ask me: Who will own the factory? With whom are we going to deal when forming our notions of why to work and for whom? To that I have no answer, I'm sorry. We have no guidelines for the future and in fact only infer clues from the multifarious discussion views as to how it might look.

The ministry is supposed to exercise control according to valid regulations. At present the branch encompasses some 260 state enterprises, with the number soon to rise to perhaps as many as 500. Such a branch cannot be successfully managed by the accustomed methods. In the West they have a system of tax control. We have not built it up, so we have a combination of bank controls and directives. If the ministry lacks the strength to do it, staff members of the Elektroprojekt in Prague come to us to audit our economic results while our people go to somewhere in Bratislava, and so on a mutual basis. Last year we had here people from Michalovce, folks who have no knowledge of the enterprise and its situation.

True, they audit "by the koruna" but without knowledge of substantive problems. But the main thing is that such controls offer us no advice in the matter of enterprising.

What used to be certainties are certainties no more. The country produces 14 million tons of steel. Four million tons are exported, with greater or lesser success, 10 million tons are processed by the engineering industry. A 20 to 25 percent reduction may possibly improve the environment, ease problems in the mines, steel works and rolling mills. But we also have those overexpanded engineering processor capacities. If this is so, then someone should say very clearly—but it's being mentioned only vaguely—what programs are destined for elimination, which for cutbacks, which may still go on and which are the ones we will prefer. We can manage annual savings of, say, three or five percent. Has anyone explained to us how we can expand sales by cutting inputs by one-fourth? So far no one has offered us advice on that.

We are told: Change the product mix. This may be simplistic thinking on my part: No one doubts that Germans make good products, are good organizers and good salesmen. Nevertheless, they have 2 million jobless. What's the cause? Lack of sales outlets. They could sell if they were willing to do so on decade-long credits, like we used to do in the past. This they don't do. We sold on long-term credits to countries which we regarded as promised lands and today everybody knows how hard we have it to pry out our money. According to some, it is enough to change the product mix and fill market gaps. Western companies spent decades to locate those Marktluecken and they have filled them. Today there are no more gaps in the market. So this is not the way to go. Unfortunately it leads us down the hard road of evaluating products for which competition already exists but in which we have a tradition, that is, experience and prospects for improvement. In other words, advantage over the competition.

I say prospects. The point of departure looks like this: From our production 85 percent was exported, of which 80 percent went to the Soviet Union. We were praised for it, awarded the title of a model export enterprise because shipments of equipment designed around 1963 went on for decades. It was comfortable. In five years we delivered goods to the Soviet Union worth about 1.2 billion Kcs. For the 1991-95 period we can export items for only 662 million Kcs. So we have to place exports worth 600 million Kcs on other markets.

Our first reaction was to take advantage of unsatisfied demand in the other Eastern countries. We developed marketing activities to include Poland, Hungary, Romania, Bulgaria, and the GDR. When the GDR gets financial injections from the FRG, it drops out as a customer. We had to think about what is left. It would be no problem to get for instance into Algeria, but they have no money. Taking a loan possibly with a foreign trade enterprise from a bank would mean burdening us with interest and moreover concern that the account may

become uncollectible. So this is no solution. There are safer territories, for instance China. Twenty years ago I worked with China and know something about the mentality there. It took four years to conclude a contract. We don't have that much time.

The lone soldier in the Chodos battlefield who made 206 million Kcs in profits will now get one-quarter less of steel. Restructuring of prices cost us roughly 40 million Kcs in profits from our products; higher prices by sub-suppliers, 30 million; devaluation another 30 million; dollar revaluation—because we have our own foreign currency account—2 million Kcs. Our profits dropped, even with a certain adjustment in the product mix, from 206 million to 85 million Kcs within two years solely due to external circumstances. Not that we have produced less. We became independent on the assumption of earning a profit of 206 million; ultimately 85 million was left. It's not a tragedy, the enterprise remains capable of self-financing—even with a reduced base for levies on profit to the state treasury; it can still count on incentive wage growth by two to three percent—but who knows what can happen? We do not have that traffic timetable.

We have reached for ways of opening up to the world without selling ourselves out. An alternative: joint venture. It will earn millions in profits in our country, that is, in korunas. What will the foreign partner buy for them if we don't want to go on unloading raw materials? If we tried to insert in the contract a provision on assuring sales primarily in the West, our partners would not accept it when they are so concerned with their own products. For them the problem is not production but marketing. It would be rather naive to believe that they would pass on to us their progressive technology for the sole purpose of raising the level of our factory.

The inescapable conclusion is that we have no choice other than cooperation. Production for the USSR was a comforting certainty as well as convenient. It was tailor-made to the specific features of a huge territory, large quantities, true level of labor qualification and the system for servicing and provision of spare parts for one type. This was something we accepted so gladly. Over a period of time the advantageous one-way orientation—as every monopoly—turned into a real danger. They were not keen on seeing us come each year with a new type which would complicate life. So now it is 1990 and we have products that we cannot sell on Western markets. Here we have a repetition of the history of our motorcycles.

There is no other road than the most difficult one, to produce for markets which are the most demanding. They are the only ones where the money is. Lacking a suitable product, two years ago we decided to go for cooperation agreements. The purpose is by no means keeping the factory busy by the manual labor of Czech hands and surrender export of brain work. It is a difficult momentary necessity which nearly excludes financial exigencies but will gain us: time, our people visiting their

enterprises, seeing their work organization, our working according to their blueprints, having to adhere to them accurately and produce at their prices. The philosophy of a cooperation agreement always rests on the assumption that I will deliver in the same quality, within the same time period as they are accustomed—and I cost less. Or, I can offer some other advantage. The partner's question always is: What's in it for us?

When we began to explore cooperation, we had rather detailed technical and commercial discussions with roughly 20 partners. We did the choosing and ultimately concluded four cooperation agreements. We seek primarily partners about whose solvency there can be no doubt, as for instance the Krupp company. That its demands on quality and timely delivery are extremely strict is also something that need not be doubted.

In the negotiations the enterprises face each other with knowledge of what is technically feasible. The second round called for experience in commercial matters. Here we turned for assistance to the foreign trade enterprises, Technoexport and Technopol, to which we passed on technical proposals and our ideas on pricing.

The time we have gained must be utilized as speedily as possible for innovating our production. This is a matter of our existence. Our people have asked me: "How come that Dubnica wants to manufacture protector presses for passenger tires? Director, what are you going to do about it?" I am very sorry, nothing. Let us ask what we are going to do about it. When we want to choose our suppliers we must recognize that there will be competition for our products as well. Now it will be seen if our tradition of 20 years will be an advantage in competing with someone just starting from a green meadow. If we cannot prove it, then we foresake our right to exist.

Innovations can come primarily from design engineers. We have 55 of them. About 10-15 of them are originators of new ideas. For the creative ones we arranged for unstructured work time, even before the law was passed. One even works from his home so that he will not lose time by commuting. This is sensible and also is a way of appreciating creative work.

The other employees have accepted it without criticism. They recognize that one design engineer has to provide for the livelihood of 50, 100 or even more people and should be valued accordingly, not for standing at the drafting table. In the time gained by temporary cooperation agreements—this year they will account for about 25 percent of output and in the next few years this may rise to 30 or even 40 percent—each year we will build two or possibly three prototypes so that our protector presses and mould blowing machines are raised to a good level and within three to five years enable us to compete in those demanding markets. There will always be need for more tires, it is a good program. But it depends also on our sub-suppliers. If there is no more gigantomania, if there will spring up numerous smaller enterprises, there is real hope that they too will make an effort.

I believe that our people also will make an effort. I gain this impression from their evident understanding that only work can save us. In the turbulent days emotions did not gain the upper hand in our factory. We are a rather stabilized enterprise. Perhaps it was also because even prior to 17 November many of the leading officials were not CPCZ [Czechoslovak Communist Party] members. There was no reason to call for radical change, nor was there a pressure from below to replace all the top executives forthwith and en masse. At the round table we agreed on a simple principle: nowhere in the world do subordinates choose their superiors and so there will be no "cadre review" from below up. Of course, the workers' council has the right to recall the director at any time. So far the need for this apparently has not arisen, at least as far as I am informed. The adopted principle means: we will do "cadre reviewing," if I must use this term, from the top down beginning with the director who will choose his staff. By this I don't mean to suggest that it is possible to push one's head through the wall. I am always glad to hear comments on this or that executive because I cannot know all members of the staff. But the decision must remain with the top and it must be a decision based on results and moral qualities, according to the attitude toward work for the collective and decidedly not according to political party membership. Everyone who has to work with people must be acceptable to them. On this we have no lack of clarity.

Nor is it a surprise to anyone that our primary concern must be marketing. We discuss it at all consultations, it is known to the workers' council and the workers' assembly, and we are jointly searching for a philosophy of enterprising and ways to put it into effect.

There is stability, but it is a dynamic thing in the evolution of time. There have been changes and there will be more of them. I do not want to invoke the Slusovice system; in the world of effective economic management there is no other way. From the ossified bureaucratic system we must extricate ourselves bit by bit by fostering personalities. Where personalities emerged, be it Vlcek in Aero Vodochody or Galia in Tatra Loprivnice, they managed to pull the collective with them. Grayness would not have given birth to the Albatros or Tatra 815. Those personalities did not earn their standing by sitting on positions gained once in the past, as "elder statesmen."

There is much talk about Western managers. They want to advise us. I have worked for decades with capitalist firms and can say that if we offered a job to a German manager and explained to him under what conditions he would be working, he would turn it down. He is not trained for such stressful situations. We are taught how to work by every demanding customer, provided we remember the work precision which we have unlearned. In commercial work too we know that what was good enough in the past will not do now. But this will require changes in the climate.

From the press I gather that the general tendencies are moving in that direction. I said that we are being managed by the press. But what I mean is that tendencies in the press and actual change are two different changes, and those actual changes are moving terribly slowly. How can I compete when I have a long wait for material supplies while a competitor with 20 employees, making his purchases all over the globe, can respond within a week's time? We fear social upheavals, lack of financial independence for enterprises. All the while no one knows how self-financing will come out. One can present an exact calculation, but based on totally vague documentation. We are erecting chimeras that it won't be me who cannot hack it. And so we go on living with the system as before, that is "let's wait." This is the worst thing that can be.

If I want to establish some kind of an enterprise philosophy—and I am being urged to do so by a crowd of people whose earnings depend on this economic unit—I get no help whatever from hazy global cerebrations. We have our ideas of markets to which we must go. We know what we can offer. But we don't know from what we will fabricate it, on how much of it we will be taxed, and how much we can expect to retain. We are now setting up prerequisites of development for five to 10 years ahead. Today I can only surmise that steel will not be available in the quantity we would need. How much, we don't know. Our reactions are diffuse, because of the diffuse decisions which may—perhaps—be made some day.

I don't want to curry favor with Mr. President, but he has said something we were waiting for. If we already have a situation full of uncertainties, the Parliament should be in permanent session. To approve or reject draft legislation which will ultimately govern our decisions as well. Even if the Parliament approves them, we will have great difficulty converting them into practical small currency. We lack a traffic timetable for routine operation. The more urgently we need it for the years ahead. Development, that means investments. We must have the means for investments which will guarantee a future, even if we had to borrow them. Those who fail to invest in lucrative production lines will not survive. So far, everything hangs in the balance.

Motokov Loses Foreign Trade Monopoly

90CH0070B Vienna DIE PRESSE in German 2 Apr 90
p 10

[Article by Peter Homola: "Motokov Loses Monopoly"]

[Text] The Prague foreign trade enterprise Motokov employs unusual newspaper publicity. The advertisement is more interesting than Motokov publicity published up to now in the West. "The new economic situation also requires new working methods," it states.

Like other foreign trade establishments, Motokov up to now was a monopolist. No road bypassed the Prague

enterprise if it concerned exporting or importing cars, commercial vehicles, motorcycles, bicycles, agricultural machines, and tires.

The Czechoslovakian auto makers were often dissatisfied with Motokov. The foreign trade giant has been accused of taking too much money for its activity and not properly representing the interests of the individual producers. The enterprises had too little influence over their own exports. In addition, the Motokov activity entailed great bureaucratic expenditure. Its publicity work also was not always satisfactory.

Now the foreign trade monopoly is to be dropped. Large automotive plants such as Skoda or Tatra will themselves enter foreign markets. It may be more problematical for smaller firms which export less and may run into financial or other difficulties in building up their own departments. A continuation of cooperation with Motokov would be conceivable, however no longer on a compulsory, but on a commission basis.

Yet efforts are being made in Czechoslovakia to slow down the trend toward free foreign trade. For example, this is being said of Minister Andrej Barcak who, prior to his appointment as department head, had been director general at Motokov. The argument advances the great number of highly qualified personnel who know foreign markets very well. But in addition to those, firms like Motokov also have many proteges.

In any case, Motokov's activity will change in the near future; even dissolution [of the firm] is not ruled out in Prague. It appears certain that the enterprise must shrink. Thereby the best personnel could move over to the export departments being newly created by the automotive plants.

Skoda-Pilsen Subdivided Into Eight Firms

The Skoda-Pilsen corporation, for decades a showcase enterprise of planned economy in Czechoslovakia, no longer exists since 30 March. The corporation, which last employed 73,000 people, was subdivided into eight enterprises. One of the eight enterprises, employing 38,000 workers, continues under the same name.

Indecision Over Economic Reforms Continues

90CH0070C Vienna DIE PRESSE in German
7-8 Apr 90 p 3

[On-site report by Andreas Unterberger: "Gentle Perplexity After the Revolution—Czechs and Slovaks Puzzle Over Future of the Economy"]

[Text] Prague—The Czechoslovakian border official in the "sleepy fast train" to Prague grinned broadly. He said only "perestrojka" as he quickly stamped and returned the proffered passports like a superfluous detail. The woman schoolteacher from Leipzig in our compartment immediately reacted critically: "Not perestrojka, we did it. We are the people."

Whoever may have been right in this 1990 European scene, on-site inspection of Czechoslovakia makes one thing clear: What happened to Soviet perestrojka, what happens to many peoples after revolutions, also appears to happen to Czechs and Slovaks. The gentle revolution was followed by gentle perplexity.

This perplexity does not consist so much of helplessness with which nationalist stirrings in Slovakia are registered; they are not yet truly considered threatening and are rather a consequence of general orientation problems. The game rules of democracy and a constitutional state also are no longer a point of discussion.

The great puzzlement concerns the speed of restructuring to a market economy; the extent of liberalist radicalism to be put up with; the social costs to be paid in the interest of a renewed upswing as soon as possible. Some expect 20 percent unemployment which very soon would become inevitable. Others in turn dream of a "Swedish way" with only two percent unemployment. At least politicians still dream of that before election day.

The official spokeswoman of the, at the moment, still very influential Civic Forum, Jana Ryslinkova, at any rate is very honest with the visitor from Austria: "We don't know how precisely the transition to a market economy will be. We have no coherent government program. That can only develop. We cannot maintain the entire economy; but everything must not collapse, either."

Things sound similar in the country's second metropolis, Bratislava. Juraj Flamik, 32, member of the triumvirate of the local citizen movement "the Public Against Force," says in still totally apolitical simplicity: "We have no clear concepts on that."

True, most citizens also have no clear concepts about economic development. But all they are all the more clearly pushing their personal development. And the range is quite wide. In the Prague subway one sees many riders engrossed in English—and sometimes German—language books. Judging by the open chapters, it is a relatively new undertaking which is to open for them the now physically open door to the world, also with regard to language.

Personal Education Before National Economy

A boom in private language courses permits some citizens versed in languages to operate as successful small entrepreneurs. Just like others who, through the daily sale of tens of thousands of Viennese newspapers almost dominating the cityscape, add blue or reddish-yellow accents to the gray streets of postcommunist Prague and Bratislava. One even encounters elementary school children who, by selling small bunches of flowers, add violet dots of color in their search for schillings.

To open the door to the world is also the intention of the numerous money changers who offer their services to foreigners, even more so than during communist times.

The laws are ignored even more deliberately by other citizens who also open doors even more frequently, and not only symbolic ones but those to others' apartments. It is a significant coincidence that the press spokesman of the "Public Against Force" had to leave our talk prematurely because his home was broken into.

But these individual colorful spots of change are still confronted with the gray of mass persistence. For better as well as worse. In the hotel for foreigners one can ring the telephone switchboard for three quarters of an hour without getting an answer and the receptionist, shrugging her shoulders, informs the irate guest that there is but one girl at the switchboard.

At the train station one can stand in line waiting for a taxi, while 20 meters from there three drivers chat cozily until they finally approach their potential customers. On the other hand, even today the entire supply for the population functions better than in all the rest of East Europe together. In the stores one notices nothing of the crises of a collapse.

True, some economists prophesy this collapse, although the economic global data still sound good: After cuts in the security apparatus, there is a noticeable budget surplus; trade is active, and foreign debts of \$8 billion are not even one-fifth those of Poland. All that does not sound like a catastrophe.

But without a real crisis, the population's willingness does not appear all too great to suffer the painful interventions necessary for a long-term upswing. Such as: an end to subsidies, which would explode rents and food prices in particular; and closing of the most unprofitable enterprises with the result of large-scale unemployment.

In some factories, the crisis is already leaving its mark. Production in the past months has dropped overall. Particularly drastic declines were suffered by the weapons industry.

The old stratum of functionaries in the plants has already been removed in some places without there being a new class of managers in sight. Sometimes there are complaints about the incompetence of the new people, and even that activists of the—democratically unstructured—Civic Forum have already settled personal feuds.

Since 80 percent of Czechoslovakian products can only be sold abroad on the East European market, the proclaimed orientation toward all of Europe demands radical changes.

The President as Employment Agent?

But there must be preliminary measures before these changes can happen, such as organizing unemployment benefits and an effective job placement service. The daily throng at the office of the Civic Forum near Wenceslas Square or at the office of the president in

Hradcany Castle cannot be a meaningful substitute even during the transition phase. Even if the three gypsies do not want to believe it who, in the anteroom of Vaclav Havel's chancellery, involve every passing official in a noisy dispute about their supposed rights to jobs.

Even Vaclav Havel as 'sevenfold helper in time of need' will not be enough to solve problems such as these: Privatization of an industry 90 percent state-owned, without having capitalists in the country; admission of foreign capital, while simultaneously fears of a sellout are spreading far and wide; or dismantling of subsidies, without causing citizens' protests about inflation and expensive housing.

The second part of the gentle revolution will probably be as difficult as was the first one.

GERMAN DEMOCRATIC REPUBLIC

Measures for Monitoring Air Pollution Detailed

90GE0083A East Berlin SCHUETZEN UND HELFEN
No 2 in German Apr 90 pp 18-20

[Interview with meteorologist Klaus Schlegelmilch, department head in the Ministry for Conservation, Environmental Protection, and Water Management, by Wolfgang Dietrich; place and date not given: "Smog—Danger!"—first two paragraphs are SCHUETZEN UND HELFEN introduction]

[Text] What is smog? How does it come about? Who measures the air pollution? How can effects be limited? What areas of the GDR are particularly endangered? What measures are necessary to reduce annoying smog?

These and other questions are answered by diplomat meteorologist Klaus Schlegelmilch, department head in the Ministry for Conservation, Environmental Protection and Water Management.

[Dietrich] What does smog mean?

[Schlegelmilch] The word smog comes from the English language. It is a combination of the words smoke and fog. It is understood to mean a substantial and abnormal concentration of air pollutants in air layers near the ground because of extreme meteorological conditions. These include primarily: the degree of temperature increase with elevation—inversion; dependence upon wind direction; slight wind speeds or calm conditions; seasonal appearance, and duration of weather conditions in which there is little exchange of air masses; slight or no tendency toward precipitation; low temperatures near the ground; high relative humidity.

[Dietrich] The development of smog situations is linked with the simultaneous appearance of stable, extensive, and stagnant weather conditions and a correspondingly high emission of contaminants from sources of pollution near the ground (emitters: stove heating, industrial facilities, motor vehicles, and others). Such situations—

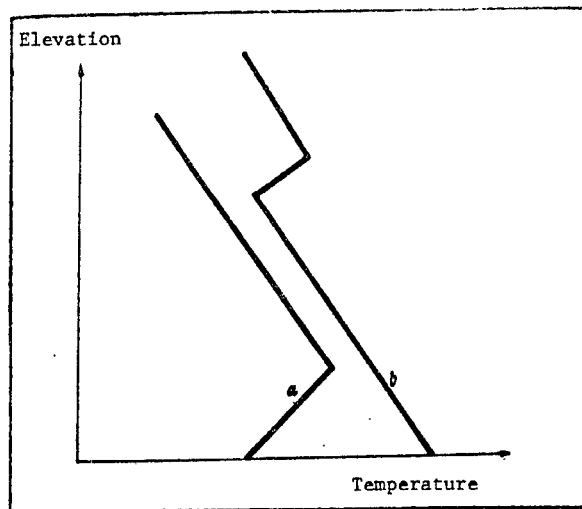


Figure 1. Vertical Temperature Pattern in the Case of Inversions (a: ground inversion; b: "free" inversion)

generally stagnant weather conditions in winter—can arise in central Europe especially when an inversion occurs under the influence of high-pressure or on the edge of a high-pressure region over East or southeast Europe. In contrast to the "normal case," there is then an increase in air temperature with elevation in the air layers near the ground. It arises:

- a) through the cooling of air layers near the ground as the result of nocturnal radiation (ground inversion), or
- b) through the riding up of warmer air masses over layers of cold air near the ground ("free" inversions).

These temperature inversions result in "blocking layers" that prevent an atmospheric exchange of the heavily contaminated air masses near the ground (Figure 2). The extent of smog situations is determined above all by low-lying "blocking layers" about 5-700 meters above the ground and their temporal duration. In addition to the very extensive blocking of vertical air movements, the horizontal exchange of air masses is also restricted in the generally weak air currents. In the case of lasting smog situations below "free" inversion layers, however, there can be extensive long-distance transport of air pollutants above all from large power plants and industrial centers.

[Dietrich] What do you understand under "long-distance transport"? The "exporting and importing" of smog?

[Schlegelmilch] Yes. Especially in the congestion area of our highlands—the Thuringian Basin, for example—this long-distance transport can overlap the pollutant load of local emitters and lead to an aggravation of the stress situation. The long-distance transport—across borders as well—can also represent an international problem and this is why the FRG, among others, is interested in a

joint smog early warning system with the GDR and other neighboring states. Supported by an accelerated development of the air pollution measuring network and the gradual expansion of the technical measurement of other air pollutants—in addition of sulfur dioxide (SO_2), primarily suspended dust in the GDR—an operational data and information exchange is currently being prepared with the FRG and West Berlin, especially for smog situations.

Regions With the Greatest Loads (as of 1988)		
With SO_2	Leipzig	189t/km ²
	Berlin	166t/km ²
	Cottbus	166t/km ²
With dust	Berlin	74t/km ²
	Cottbus	57t/km ²
	Halle	54t/km ²
Total Emission		
	1980	1988
SO_2	4.2 million tons	5.2 million tons
Dust	2.4 million tons	2.2 million tons
Nitric oxide	—	approximately 700 kt (408 kt from stationary sources and about 300 kt from traffic)

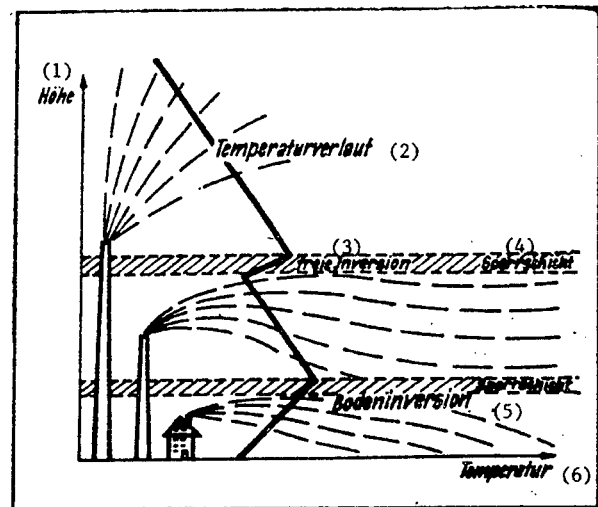


Figure 2. "Blocking Layers" for the Atmospheric Exchange of Air Contaminants as the Result of Inversions

Key:

- 1. Elevation
- 2. Temperature trend
- 3. Free inversion
- 4. Blocking layer
- 5. Ground inversion
- 6. Temperature

[Dietrich] Why does one hardly ever hear of a smog situation in summer?

[Schlegelmilch] Smog weather situations are, as a rule, characterized by low air temperatures (less than 0 degrees Celsius to +5 degrees Celsius). The cold weather objectively leads to increased stove heating or to an increasing need for heat and electric power. The result is a generally increased emission of pollution (including sulfur dioxide, suspended dust, carbon monoxide, nitric oxide), especially from smokestacks with low dissipation heights. Industrial centers, large cities, and also smaller cities and settlements located in river lowlands or in valleys of our highlands consequently have a very high load in the air. In the case of a smog situation, the pollution emissions from stove heating (domestic fuel) can account for up to 70 percent of the load! An analysis of the smog situation since the winter of 1984-85 indicates that these extreme situations—depending very much on the general weather pattern—can occur two to eight times in the period of November to March. Such a situation may last two to five days and regionally up to 12 days in individual cases. In the winters of 1987-88 and 1988-89, there were only short and not very pronounced smog situations in the GDR on account of the weather.

[Dietrich] With what means and methods is a smog situation identified in time?

[Schlegelmilch] The task of early detection, process control and the introduction of measures to protect against any dangers in smog situations, including current and comprehensive information for the population, is the standard in most industrial countries today. Besides specific meteorological criteria, selected leading components of air pollution are technically measured and analyzed operationally. They are primarily the following pollutants: sulfur dioxide (SO₂), suspended dust, nitric oxide, and carbon monoxide (CO).

On the basis of the Fifth Implementing Regulation of the Land Culture Law [Landeskultugesetz]—on keeping the air pure—dated 12 February 1987 (GESETZBLATT, Part I, No. 7, p. 51, dated 27 March 1987), Paragraph 16 "Protection Against Dangers in Extraordinary Immission Situations," supported by own experiences of recent years and taking into account to the extent possible the findings and criteria of smog regulations of other European industrial states, especially the FRG and West Berlin, the Fourth Implementing Provision of the Fifth Implementing Regulation of the Land Culture Law—on keeping the air pure—"smog regulation" was issued on 2 November 1989 (GESETZBLATT, Part I, No. 21, p. 239, dated 9 November 1989).

Conditioned by the still very unsatisfactory measuring equipment in the GDR for immission control (except for sulfur dioxide measuring techniques), the first smog regulation of the GDR was initially interpreted only for the pollution component sulfur dioxide, which, however, is very important for us. It has been registered and

analyzed throughout the country as an average daily value since 1982. The gradual development and expansion of the measuring network for sulfur dioxide (it is operated in the cities and settlements by the State Hygiene Inspectorate for the regions and over large areas by the Meteorological Service) began in 1982 with about 15 measuring sites and today includes about 100. Automatic air-hygiene sulfur dioxide measuring networks of the State Hygiene Inspectorate with a total of 48 measuring points are now in operation in the capital Berlin as well as in the regions Leipzig, Karl-Marx-Stadt, Magdeburg, and Dresden. Halle Region followed at the beginning of this year. The respective data so ascertained are registered and analyzed by the GDR headquarters of the State Hygiene Inspectorate in Leipzig and the Central Weather Office of the Meteorological Service in Potsdam and the results are passed on to selected central state agencies and the regional councils for their information.

[Dietrich] What regions of the GDR are especially endangered?

[Schlegelmilch] Focal points are the northern foreland of the highlands (the area of Erfurt-Gera-Zwickau-Aue and Karl-Marx-Stadt) as well as the industrial centers Bitterfeld-Halle-Weissenfels and Leipzig-Borna. In these areas of the country, very much a function of the weather and especially the temperature patterns, one must expect smog situations on 10-70 or more calendar days a year. Taking into account the proposals of competent agencies in the territories, the above-mentioned analysis, the existing emitter structure, the orographic conditions (terrain) as well as the necessary density of the measuring network that is not yet available in all territories, the smog regulation resulted in a preliminary rough distribution into 20 regions with a potential danger of smog to be evaluated in a differentiated manner.

Because of the great influence of meteorological conditions on the development or termination of smog situations, not only the meteorological forecast but also the extensive registration of measured values, the current—international as well—exchange of measurement data and the routine daily calculation of border-crossing flows of pollutants are of great importance for the early detection and process control of smog situations. They are an essential basis for timely information on especially endangered groups of persons and for the well-founded introduction of temporary (also costly to the national economy) measures to reduce emissions.

[Dietrich] What possibilities do you see for protecting against the danger of smog situations?

[Schlegelmilch] Based on all available information, it is the task of the competent state agencies, especially the regional councils, in actuating or revoking the steps set forth in the smog regulation:

a) to secure current information, including recommended behavior, for the population, especially groups

of persons already with health problems and endangered (older citizens and infants, among others);

b) to secure and control the actuation or revoking of the measures stipulated for the temporary reduction of emissions under the approved plant operational plans (there are now about 300 in the regions especially endangered by smog);

c) to exercise active influence on citizens, plants and installations so that they will make economical and efficient use of thermal and electric energy and be conscientious about temporarily giving up the use of private motor vehicles or certain enterprise vehicles (exceptions are important functions in supplying the population and the transport of perishable goods);

d) to implement measures for the temporary restriction of traffic in urban areas most stressed in the case of the actuation of Operational Step II for smog;

e) to carry out extraordinary control in the case of operators of polluting facilities with the objective of an orderly operation of the facilities and a high efficiency of existing environmental equipment (e.g., dedusting and desulfurization facilities).

When the smog levels are actuated, the operational staffs to be established under the councils or under the leadership of the council member for environmental protection should receive active support from the civil defense staffs on the basis of already developed, confirmed, and tested action documents.

[Dietrich] What solutions do you see in general to prevent the rise or the worsening of smog situations in the near future?

[Schlegelmilch] For reasons of space, the answer can certainly not be complete. At the present time, the appropriate technical prerequisites probably do not exist in the GDR to prevent the formation of smog in general. It is conceivable, however, that the air pollution can be reduced drastically through the realization of preventive measures. Effects of this nature were achieved, for example, through:

—An accelerated development of the remote heat supply or through the increased use of gas for heating purposes, above all in inner-city areas as well as in settlements in valley locations, with the simultaneous application of efficient waste-gas purification procedures (dedusting, desulfurization...) in the central heating plants. Included therein are measures for the territorial rationalization of heating-supply tasks (construction and operation of community heating houses).

—Development and implementation of a new energy concept favorable to the environment, especially an improvement of the energy efficiency of employed

fuels and energy sources, the reduction of energy-intensive processes and an effective control of low-sulfur fuels, especially in areas of potential smog danger because of orographic conditions.

—Actualization and reworking of the current operational plans for smog situations with the objective of achieving a greater effect on the immission situation through temporary measures to reduce emissions.

—Stabilization and further development of public transportation in inner cities using means of transportation causing little or no pollution, especially in areas threatened by smog.

—Promotion of the environmental awareness of every citizen in his activities in the labor process as well as the private area. The goal, among other things, must be to achieve an economical and efficient consumption/use of thermal and electric energy and other raw materials and products and to ensure an orderly operation of facilities emitting pollutants (among other things, annual inspection of the carburetor setting of motor vehicles). There must be no open burning of wastes, including of leaves in gardens, in smog situations.

HUNGARY

Ford Motor Company Shows Interest

25000712A Budapest HETI VILAGGAZDASAG
in Hungarian 14 Apr 90 p 7

[Text] A delegation from the Ford Motor Company has been negotiating since last Monday. According to information received by HVG, professionals from the American multinational giant auto maker are studying capital investment opportunities. They are planning to build plants in Hungary to manufacture ignition coils and fuel injection systems for personal vehicles. These would represent state-of-the-art technology from the standpoint of both the products and the manufacturing technology. In the next few days Ford executives will visit several Hungarian machine industry plants, to see where they should establish their plants. For the time being, this much has been leaked: The negotiations have produced feelers for a 100-percent American owned investment. On the other hand, the international press reported that following its American and Japanese competitors, Ford also wants to expand in East Europe. After General Motors, Ford is the world's second largest auto maker. Its 1989 revenues amounted to \$96 billion; they produced a total of 6.3 million vehicles and invested \$6.6 billion of capital.

1st Quarter 1990 Foreign Trade Record Analyzed

25000719A Budapest FIGYELO in Hungarian
26 Apr 90 p 9

[Article by Barnabas Nemeth: "Strengthening Market Change; Virtue by Necessity"—first paragraph is FIGYELO introduction]

[Text] In an unchanged manner, enterprises continue to strongly criticize the government's economic policy; at the same time, however—and this is a novel feature—they are trying in every way to adapt. By now this adaptation no longer represents an effort to equip themselves for survival. It is also an encouraging sign for the Hungarian economy.

Enterprises manifest a dual conduct. Their views concerning the business environment, and about the prospects of their own enterprises, are much more pessimistic than what their first quarter results show.

A majority of the business organizations in the process of preparing a market program—and which still transact 90 percent of the foreign mercantile trade—believe that Hungarian export sales opportunities in markets where settlements are made in convertible currencies will be varied, but taken as a whole they will be appropriate. They say all this despite the fact that in regard to certain export product categories (e.g., foundry industry products and grains) prices are less favorable than last year.

According to the unanimous opinion of enterprises, exports are motivated by the desire to increase profits and by a market constraint which has a strengthening effect. The former occurs as a result of the administrative restriction of exports payable for in rubles, and a declining domestic demand. On the other hand, the increase of exports not subject to payment in rubles is limited in every branch of industry by the shortage of merchandise that can be sold in the export markets. They trace this phenomenon to a production structure which evolved in response to earlier sales channels and ratios, i.e., the problems of trade subject to settlement in rubles.

Prices and Costs

Some enterprises may face critical situations as a result of the withholding of ruble exports and because of the reduced domestic demand. It is possible that these enterprises will stop producing, because they will be incapable of bringing their inventories up to standard levels and because they are unable to finance their existing inventories. This, in turn, also threatens exports payable for in convertible currencies (e.g., in the knitwear, shoe, and pharmaceutical industries).

Increased costs due to rapidly increasing domestic producer prices weaken the ability to compete. This is particularly true in the processing industry branches where increased costs cannot be further conveyed in selling prices.

According to several firms, financial restrictions hinder exports, and so does the fact that they are unable to grant export credits to their customers because of high interest rates. By now, this leads to the loss of already acquired markets. (Certain Arab and African trading partners increasingly purchase on installment.) A letter of credit is the condition for receiving export financing credit, which rules out the possibility of obtaining loans for production slated to be sold on markets with customers

who are able to pay. According to several enterprises, less stringent credit terms like cash against documents or secured credit could also be made acceptable.

The narrowing of relationships among CEMA countries (e.g., the increased stringency of mercantile exchange conditions both on the Hungarian and the Soviet side) increases competition in the capitalist market mainly in the field of foods and light industry products, and in regard to military products.

According to an almost unanimous view held by enterprises, the increased number of business organizations with the authority to conduct foreign trade independently does not result in increased exports. Despite likely advantages in the long run, in the short term this only produces a fragmentation of merchandise inventories, and price competition among Hungarian firms in foreign markets.

Along with high interest rates, the financial situation, and the difficulties their partners experience in making payments, foreign trade enterprises increasingly favor consignment sales.

Based on the market programs, a not negligible part of exports payable for in rubles, and the increase of such exports, result from the fact that Hungarian enterprises reach the ruble market, or return to the ruble market by way of Western intermediaries.

Who Pays Preferential Customs Duties?

Almost every enterprise mentions the extension of the General System of Preferences [GSP] as an incentive factor, even though its effects cannot be accurately quantified at this time. Taking advantage of the potential benefits of this system is hindered by the fact that preferences are given to buyers, and some Hungarian exporters do not use appropriate prices. This is due to a lack of information relative to the GSP.

Based on the programs, a conflicting picture emerges with regard to imports. A mechanical summarization suggests a reduced volume of imports.

The acceleration processes experienced in the previous year appear to be continuing this year:

- The number of firms importing in their own right is increasing in response to import liberalization, which includes a growing number of products. The private sphere utilizes a growing part of the imported products, and the use of imported products payable for in convertible currencies is also increasing in both the producer and the nonproducer infrastructure.
- Enterprises expect continued stagnation of machinery imported as investment goods.
- The shortage of money caused by standing in line slows down investments.

- Sizable inventories were accumulated in some manufacturing branches and specialized branches (agricultural machinery, instruments).
- Purchasing power is declining as a result of reduced production, the credit crunch, and ever increasing interest rates.

At the same time the importation of consumer goods is moderating, because in regard to several products (color television sets, freezers, microwave ovens, VCR's, textile clothing) the market is saturated. The purchasing power of consumers is further decreased as a result of governmental actions and laws (tax on mortgage interest, the sales tax law, food price increases, etc).

At the same time, however, due to speculation, one may count on a temporary increase of imports in regard to certain goods (used cars, freezers, sewing machines, etc).

Due to the forced reduction of exports payable for in rubles, demand for goods imported from capitalist countries may also become more moderate in several respects (foundry and chemical industry base materials, technical rubber goods, bearings, and other machinery building elements).

Large enterprises with the independent authority to pursue foreign trade withdraw their authorizations from specialized foreign trade enterprises and expand their own foreign trade activities. (For example, Taurus imports the special machinery needed for its investment itself, Chinoïn does the same with regard to pharmaceutical base materials, etc.)

Financial difficulties, the restrictions, motivate more strongly capitalized producer industries to finance the imports of their suppliers. As a result, resources are taken away from needed investments, and at the same time interest in used machinery and equipment is on the increase.

The added expansion of import liberalization has reduced enterprise interest in certain special business arrangements, merchandise exchange, and leasing transactions (National Federation of Artisan Cooperatives [OKISZ]-foundry, commercial, bank, FDH and LDH [not further expanded]).

Specialized foreign trade enterprise policies are changing with regard to organizations with a newly acquired authority to pursue foreign trade. While previously the specialized foreign trade enterprises tried to hinder their new competitors' market entry by way of direct or indirect means, today "being part," partnerships, the forming of joint enterprises is becoming characteristic.

Import liberalization has also become a peculiar booster of the establishment of new enterprises. This takes place in fields where previous monopolies exerted effects to which users were particularly sensitive (insecticides, pharmaceuticals and their base materials, foundry base materials, etc).

Foreign trade companies increasingly engage in activities which are alien to their profiles. They are trying to offset the reduced volume caused by the increased number of enterprises with independent foreign trading authority in this way.

The Other Side of the Coin

Enterprises complain and regard their situation as more uncertain than in previous years. But meanwhile they have become active parts of an adaptation process which for many years has been part of reform rhetoric only.

In previous years enterprise programs predicted their exports levels to be between \$400 million and \$500 million less than the actual volume. At this time, however, the enterprise programs suggest that there will be a \$1 billion surplus. Along with the forced, 20-to-25-percent reduction in ruble exports they are predicting a six-to-eight-percent increment in dollar exports, along with moderating imports. The actual market activities reflect an even more favorable market change: At the end of the first quarter the total value of booked export orders payable for in convertible currencies increased by 31 percent, while completed export transactions increased by 20 percent. The total amount increased by \$200 million as compared to the previous year. Somewhat unexpectedly, the improvement was strongest in the processing industry. Simultaneously exports payable for in rubles declined by between 25 and 30 percent, but due to a larger than expected 15-to-18-percent decline in imports the balance deteriorated by more than 200 million rubles.

No one would believe that large machine industry enterprises—e.g., Videoton, Ikarus, Ganz Danubius, Taurus, etc.—could suddenly accomplish a dynamic increase in their capitalist exports, following the individual licenses that were granted in January and after tightening contingents. For the past year or two these enterprises have prepared themselves for a market change consciously and as a result of constraints, of course. They took the decline of the bargaining mechanism seriously only after two or three years, and many of these enterprises mention the positive effects of import liberalization. Complaints concerning the shortage of goods imported for dollars—a complaint that has become constant in previous years—are no longer made.

Many feel aggrieved about individuals transacting foreign trade, but all recognize the resultant constraint for organizational change and the necessity for more active work in the marketplace. Most criticism is heaped on monetary policy; at the same time, however, enterprise import policies have become more selective, and inventory efficiency has improved in many areas.

The enterprises do not mention this, but competition for export contracts, which has been functioning ever since 1986, plays a growing role in increasing export capacities. Similarly, enterprises do not talk about the fact that increasing capitalist export revenues represent a 23-to-25-percent difference in favor of forint revenues. This

improves the profitability of dollar exports, particularly vis-a-vis ruble exports and domestic sales.

All of this is the result of a more consistent economic policy, as a result of which qualitative changes may be expected in two or three years.

Nonbank Financial Institutions: Regulatory Dilemma

*25000712C Budapest HETI VILAGGAZDASAG
in Hungarian 14 Apr 90 p 76*

[Unattributed article: "Agents, Investors: Shadow Banks in the Shadow of Banks"]

[Text] Establishing greater stringency by Banking Oversight for the licensing of the pursuit of financial institution activities is not called for in order to strengthen monopolistic situations, but is warranted by the [desired] peaceful coexistence of creditors and debtors. The changes affect organizations that are neither banks nor financial institutions.

Two years ago it took six months before Banking Oversight granted a license for the pursuit of activities which qualify as appropriate for financial institutions. This occurred when a young man, in anticipation of market conditions in Hungary, established the first Hungarian brokerage firm with the help of a few banks, insurance companies, and the state budget. The subsequent first swallows received their authority to start operations faster, but as a matter of precaution only for a certain period of time: until April and May 1990.

Beginning in midsummer of last year events accelerated, however, and in hopes for the so highly desired market competition, any legal entity was able to obtain a license to conduct brokerage or investment activities. But still, the granting of a bank's profile was denied to many, and licenses for the so-called factoring activity, the assumption of claims, which requires significant founding capital, were denied to everyone during the second half of 1989. By 1990 not even that remained a taboo; this year the only fields of activities for which licenses have not been granted are the issuance and sale of securities. This is because a securities law effective 1 March requires a license to be renewed by Securities Oversight for the pursuit of financial institution activities related to securities.

This week, leading Hungarian National Bank [MNB] and Ministry of Finance executives decided that they will render the licensing of financial institution activities other than securities transactions more stringent, and that they will exercise stringent control to see if various organizations in the market indeed are limiting their activities only to matters they are authorized to perform.

Aware of the Hungarian licensing process, a question which raises suspicion may be warranted: Could it be that the authorities have had enough of the new found liberalism of these institutions, and now want to grant a

monopoly to those who first arrived in the marketplace? The tightening of rules is appropriate according to Banking Oversight, because these enterprises base their operations on money belonging to others. Nevertheless, the constitutional state may be reached only over a bumpy road. The legal provision promulgated in October 1989 grants too much authority to officials, while it is too little to provide guarantees for the conduct of reliable, stable business management. Consistent with the practice of the past 40 years, the decree prescribes from "a" through "z" who must submit an application for a license, when and how, and with what kind of attachment; at the same time, however, it is not overly anxious to establish professional criteria for financial institutions. The licensing of the activities of a financial institution may be denied if the founding capital "does not exceed the amount established by the oversight body on a case-by-case basis," according to the rule. A bank may be established with a minimum of 1 billion forints capital, the establishment of a specialized financial institution requires 500 million forints, but under what conditions entities which are neither banks nor financial institutions may act as brokers or may undertake the investment of money belonging to others still depends upon the judgment of the banking oversight authority.

From this standpoint the precise, clear treatment of the licensing issue in the securities law should teach a lesson. True, to a significant extent that law was developed with the cooperation of World Bank experts. The chief rule is that only limited liability corporations or stock corporations issuing personally designated stock, whose exclusive business it is to deal in securities transactions and which have at least 50 million forints of basic or founding capital may engage in securities transactions. In the case of consignment activities it will suffice for limited liability corporations to have 5 million forints capital, and for stock corporations 10 million forints. Rules for licensing other financial institution activities of a similar nature must not deviate substantially from this rule. But they do, and an applicant will be unable to figure when he can count on receiving a license and what criteria he must satisfy to do so. At best he may sniff out what the conditions are.

All of this is the way it is because the banking law and the securities law, which in principle should not be separated, were adopted in the course of two separate actions by Parliament. Just who may collect deposits, who is authorized to enter into credit and loan agreements, who may serve as a guarantor, and who may buy others' obligations will be determined by the banking law when the new Parliament and the new government get to the point of adopting such a law, among their many other pressing tasks. Even until then, Banking Oversight has established the conditions for those who apply for a license to operate a financial institution; there are eight pending applications at the moment. They must also have a minimum of 5 million forints in founding capital, even though brokerage and investment activities may be pursued along with other functions. An example for such

other functions would be a firm doing business in the field of foreign tourism. It could also be engaged in acting as a broker for real estate investments. All other financial institution functions must be pursued by banks and other specialized financial institutions.

For a long time Banking Oversight used as its starting point the idea that even the undeveloped money market could be shaken up with the help of small, flexible organizations, because the more organizations compete the lower the cost of money will be. This did not prove to be true. There are people who profit even from financial restrictions. Banking Oversight claims that it wishes to protect both creditors and debtors, therefore they will control whether the various organizations pursue only those activities for which they are authorized by their licenses, and will try to find those who do not even have a license. The only trouble is that due to a loophole in the law they have been unable to do so ever since 1 April 1989. Banking Oversight may issue licenses only to legal entities, meaning that its authority extends only to legal entities. At the same time, there are no legal provisions that restrict private individuals in pursuing the activities of financial institutions.

Legal Entities Authorized To Pursue the Activities of Financial Institutions

1.	Co-Nexus, Limited
2.	CA-BB Securities Agency, Incorporated
3.	First American-Hungarian Securities Trading, Incorporated
4.	Istvan Szechenyi Entrepreneurial and Investment, Limited
5.	Budapest Holding, First Hungarian Property Management, Incorporated
6.	Profil II, Enterprise Organizing and Financial Advisory, Limited
7.	Hargitay & Associates Financial and Management Advisory, Limited
8.	IBUSZ, Incorporated
9.	Know-How Management Office
10.	First Hungarian Investment Advisory, Incorporated
11.	Northern Hungary Innovation Center, Incorporated
12.	Northern Hungary Commercial-Service, Incorporated
13.	Codex Printing and Technical Development, Incorporated
14.	Budapest International Capital Investment, Limited
15.	EGSZI-Stockmarket Securities Trading and Information Service, Limited
16.	Konsumex
17.	AB-Novinvest Development, Limited
18.	Key Entrepreneurial and Commercial Development, Limited
19.	BRG Mechatronics Enterprise
20.	Auditor Management, Financial Advisory and Referral, Limited

21.	Chemimas Investment, Limited
22.	Dunaholding, Incorporated
23.	Tribunus Advisory, Organizing and Commercial, Limited
24.	Holdex Organizing and Service Small Cooperative
25.	Bon, Limited

Central Bank Raises Discount Rate

25000712B Budapest HETI VILAGGAZDASAG
in Hungarian 14 Apr 90 pp 7-8

[Text] The Hungarian National Bank [MNB] is subject to great pressure from commercial banks seeking refinancing loans. This is the explanation given by MNB deputy chief division head Mrs. Janos Ivanyi for the increase of the interest rate on short-term refinancing loans from 21 to 24 percent, beginning on 2 April. The measure affects a smaller part of central bank refinancing loans, inasmuch as it involves only the MNB loans of a seasonal character or taken out by commercial banks for special purposes. The MNB also increased by three percent the thus far 21-percent interest rate used to resolve problems incurred by practices of "standing in line." The MNB only wants to follow money market trends, because in recent months, amid a general credit crunch, the refinancing of loans has become the cheapest source of money for commercial banks. Commercial banks pay between 24 and 26 percent interest to their depositors, while they pass on money borrowed from the central bank to enterprises at between 30 and 33 percent interest, thus recording extraordinary profits. The Central Bank did not rule out the possibility of changing the basic interest rate after they examine the first quarter data. At the same time, it is possible that interest paid on central bank deposits will be raised for the second time since 1 January; moreover, it is possible that the MNB will pay interest on mandatory reserves deposited by commercial banks at the central bank.

Enterprises Expect Long-Term Recession

25000719B Budapest FIGYELO in Hungarian
3 May 90 pp 1, 6

[Article by Dr. Marton Peto: "Where Does the Compass Point? Toward Long-Term Recession"—first paragraph is FIGYELO introduction]

[Text] According to an evaluation of 55 percent of industrial production and industrial exports, a long-term recession will take the place of the mid-1980's boon, according to an Economic Research Institute forecast made early this year. A few years ago production was impeded by the lack of production resources (materials, part, labor); today declining demand presents an increasing number of barriers to producers.

Industrial enterprises, industrial cooperatives, and various companies are counting on deteriorating conditions as compared to last year.

Reduced demand can be felt in every branch of industry. Expected to occur in 1989 already, the market deterioration is significant primarily in the chemical and foundry industries. Domestic demand for consumer and investment goods also shows a moderating trend. Enterprises reduce procurement for purposes of production for the domestic market in response to reduced production and import liberalization.

The strong tightening of the market in which transactions are subject to settlement in rubles has an unfavorable effect mainly on machine industry and light industry enterprises. In a manner similar to previous years, export opportunities subject to settlement in convertible currencies continue to show slight improvement, but they are deteriorating with respect to the foundry industry. Within the food industry the situation is similar to what took place last year, while improvement may be expected in the chemical industry, following a decline that was predicted for 1989. Interest in exports not subject to settlement in rubles is once again more forceful in 1990. Thus, in response to a changing economic environment, the narrowing of the ruble and the domestic markets, and the devaluation of the forint, the profitability of exports subject to settlement in convertible currencies is improved, and this forces and stimulates business organizations to expand their exports subject to settlement in convertible currencies. Last year 32 percent of enterprises showed a stronger interest in exporting, while 12 percent showed a declining interest. This year the ratio is 53 and 12 percent respectively.

At the beginning of 1990 the volume of materials, parts, and components of domestic origin was higher than a year ago, and was much higher in the machine industry, and within that in the transportation vehicle manufacturing industry. A majority of the enterprises predict a 10-to-15-percent decline in domestic procurement for production purposes. To a certain extent this is consistent with the decline in domestic sales predicted by the enterprises, as well as with the indication provided by opinion polls according to which the continuously decreasing role played by domestic materials and parts supply presents the greatest obstacle to increased production.

At the start of the year the volume of imported inventories for production purposes paid for in rubles was smaller than a year earlier. Industrial enterprises (not including the crude oil processing industry) forecast a four-to-five-percent reduction in the volume of imports for production purposes, subject to settlement in rubles.

At the beginning of the year inventories of imported goods paid for in convertible currencies was somewhat larger than at the beginning of last year. According to the enterprises the volume of imports for production purposes payable in convertible currencies will decline by between three and five percentage points. This is due in part to large starting inventories. Along with a relatively more favorable opening inventory, with the procurement forecasts and with an expanded sphere for imports—but

not to the least because of a moderation of import intensive production (ruble exports)—the effect of imports subject to settlement in convertible currencies which presents an obstacle to production will significantly decline in every branch of industry.

The labor situation will also change as compared to previous years. Based on decades of experience, generally speaking enterprises judge the expected number of employees more favorably than reality would indicate, yet their predictions for 1990 call for a five-percent reduction in force, (and an even larger decline in the mining and foundry industries). They forecast an about average decline in the machine industry and the light industry. (At the time the assessment was made the enterprises did not take into account the drastic reduction in exports subject to settlement in rubles.)

In more than a quarter of the enterprises, organized reductions in force during 1990 will affect almost nine percent of the employees, which translates into about three percent of the total labor force. Reductions in force are concentrated in four branches of industry: the mining, foundry, machine, and light industries. There are also significant reductions in force in Budapest, and in Borsod, Komarom, and Nograd counties, as well as in Heves County.

Average income will increase this year by 15 percent. Based on experience gained during previous years, predictions concerning average earnings reflect low estimates. The deviation from the estimate is increasing together with increasing inflation.

For various reasons, such as enterprise policies and social considerations, the achievement at any price of earnings levels which exceed inflation became the focal point from the standpoint of enterprise management. Profits, development, taxation, etc. are made subordinate to this short-term goal. This general form of conduct is indicated, for example, by the differences in increased average earnings among the enterprises.

The earlier relationship between the size of the work force and the evolution of average earnings has changed. Reduction in force became the source of the increase in the average income. This is due in part to regulations. As a result of fear of unemployment and increased social policy activities by enterprises in general, a higher than average increase in average earnings is predicted at businesses which count on retaining the existing work force or perhaps increasing the size of the work force. Increases in average earnings are more moderate at places where reductions in force take place on a larger scale. Our analysis continued not to support the presumption that there is a relationship between increased earnings and profitability, the more favorable earnings position of those who manage themselves more efficiently.

Stagnating Production

The gross volume of production will stagnate in 1990, according to the predictions made by business organizations. Enterprises predict a greater reduction in the mining and building material industries, and a smaller decline in the machine industry. In regard to the foundry industry, enterprises prognosticate that production in general will be more favorable than possible [as published]. A prediction for 1990 which does not take into consideration the increasing difficulties in selling, which occur particularly in response to effects exerted by the narrowing of the ruble market and thus reduce production, seems particularly unrealistic.

According to the enterprises the total volume of sales will decline by between three and four percentage points. The deviation has its origins mainly in the mistakes contained in the prediction (e.g. price index). According to the enterprises, domestic sales will decline by between three and five percent, and the decline in the machine and light industries will be substantial. Only in the electrical energy industry are they counting on a small increase. Domestic sales will come close to the level achieved in the previous year. Sales for the purpose of further processing and for other purposes will decline; the decline will be greater than the average in the machine and light industries.

According to the enterprises, exports subject to settlement in rubles will decline by between 10 and 15 percent, and by a larger percentage in the machine and light industries, and in food industry enterprises. Between 50 and 60 percent of the enterprises involved intend to respond to the decrease in exports subject to settlement in rubles by expanding their exports subject to settlement in convertible currencies. About 45 percent intend to increase their domestic sales, and a quarter of those enterprises plans to offset the decline through work force reductions. The market change is particularly pronounced in the light industry. The exporters which dealt with the ruble market on a large scale are reducing their exports subject to settlement in rubles to a larger than average extent, and increasing their exports subject to settlement in convertible currencies.

According to the enterprises, exports subject to settlement in convertible currencies will increase by about 10 percent, (and by about 20 percent in the machine industry. Market demand and the level of technical standards cause growing problems in the way of a more forceful increase in exports.

Solvency Problems

In 1990 the final balance appearing on financial statements will be smaller by between 15 and 20 percent. Increases are predicted only in the mining and building materials industries. From the standpoints of both buyers and sellers, enterprises predict a 20-to-22-percent increase in producer price levels in the domestic market. The effects of price increases will be more moderate as reflected in final balances; sudden upward changes, and

the ripple effects of materials price increases, as well as various added costs (e.g. wage expenditures and related contributions, interest expenses) will increasingly tend to reduce the final balance. All of this does not mean that the final balance is decisively influenced by these factors, because enterprises generally underestimate their predictions. The net balance will be reduced by about 10 percent, and its ratio compared to assets will also decline.

The financial situation of enterprises continues to be characterized by concerns for solvency. More than half of the business organizations believe that current asset loans will increase. Partly in conjunction with reduced production, almost one-third of mining industry enterprises, and one-fifth of machine industry and light industry enterprises count on a moderation of current asset loans. A trend prevails according to which the demand for current asset loans is generally greater at enterprises which are already indebted.

According to more than half of the enterprises, the amounts owed for deliveries effected will further increase in 1990 in virtually all industrial branches. About 40 percent of the business organizations count on an unchanged situation, and a mere six to eight percent hope that there will be an improvement.

The indebtedness of buyers is also on the increase. According to 43 percent of the business organizations, the volume of receivables will increase forcefully, while 38 percent believe that the increase will be small. According to enterprise predictions, investments (at current prices) will increase by about two percent. This reflects a 10-to-15-percent reduction in volume. In the mining and building industries as well as in the light industries, predictions call for more moderate investments at current prices. Demand for machinery produced in Hungary will decline, and imported machinery investments subject to settlement in rubles will increase somewhat (at current prices). Imported machinery investments subject to settlement in currencies other than rubles, and also in current prices, will increase (mainly in the electrical energy and chemical industries). According to the forecasts, the ratio of the source of payments for the investments will change. Payments made from the enterprises' own resources will decline, while amounts covered from loans will increase.

In the Process of Transforming

In general, the transformation of enterprises will accelerate in 1990. Somewhat more than half of the enterprises indicate organizational transformation. One quarter of these plan to establish stock corporations, while 45 percent have the establishment of limited liability corporations in mind. Half of the transforming enterprises (decisively within the machine and light industries) plan to establish joint enterprises with foreign participation. The transforming organizations are focusing on the domestic market; the ratio of exports subject to settlement in convertible currencies vis-a-vis

total sales revenues does not exceed five percent! Organizational transformation is planned mainly by indebted enterprises or by enterprises that are low in capital.

Almost 60 percent of the enterprises have drawn up a development concept for the early 1990's, but only two-thirds of the enterprises feel that these plans must be revised this year. In other words: At the start of the year only one-quarter of the business organizations had a development concept applicable to the upcoming years. The ratio of enterprises which have a development concept is higher among larger enterprises.

Overall, the deterioration of enterprise positions in 1990 will be greater than in the previous year, according to the predictions made by business organizations. Thereafter, in 1991 they are counting on an unchanged situation, and a small improvement is expected in 1992. Machine industry enterprises believe that the deterioration in 1990 will be greater than the average deterioration, but they hope that in a year or two they will experience an improvement at a somewhat more rapid pace than the average industrial improvement.

Ozd Foundry Ownership Dispute Explained

90CH0082A Budapest FIGYELO in Hungarian
29 Mar 90 p 5

[Interview with Janos Petrenko, who claims to be the owner of the Ozd Foundry Works (OKU), by Arpad Hajnoczy; place and date not given: "To Whom Does the OKU Belong? Surgical Intervention"—first eight paragraphs are FIGYELO introduction

[Text] The validity of the founding charter of the Ozd Steel Corporation, founded with 60-percent West German and 40-percent OKU participation, is indisputable. On the basis of the property protection law, the State Property Agency could only take action against the corporation if the agreement had not been signed before 28 February, the last day before the implementation of the property protection law.

The starting capital of the corporation is \$50 million, of which the Korf KG and the Metallgesellschaft will pay \$30 million in cash, with the remaining \$20 million to be brought into the marriage by the Ozd Foundry Works. In addition, the corporation will buy another \$20 million worth of equipment from the OKU on credit.

Janos Petrenko, a private entrepreneur from Ozd, would pay \$50 million for the same deal in one lump sum on credit. According to the OKU, he first submitted his proposal on 23 February. Although the director general of the OKU, Dr. Erno Lotz, had also been advised by the Ministry of Industry not to sign the founding charter before the implementation of the property protection law, the incorporation was speedily carried out. So now those who are sympathetic to the Petrenko solution are accusing Dr. Erno Lotz, among other things, of working to preserve his own power and to sell off state property.

And the fact is that the establishment of the Ozd Steel Corporation has been less than perfect in many respects.

Let us take the haste with which the whole thing was carried out, for example, or the fact that in the end an offer was not recognized as an offer, or that once again there was no competitive bidding. This has been denied by the OKU, which claims that it has considered several alternatives. The problem, according to the rebuttal, was that none of the proposals had been as perfectly worked out as the one submitted by the West Germans.

Another blemish on the deal is the fact that, while on the one hand, the director general acted as the seller of state property, on the other he also served as the agent of the buyer. Some feel that in order for him to have remained beyond reproach morally, the director general should not have accepted to be named to head the joint venture.

Also unclear is the relationship between the new corporation and what has been left of the OKU, and the experts are concerned that cooperative price setting might have caused some of the profits to find their way from the OKU to the joint venture. The new joint venture is using its own future profits to purchase half of the capital assets on credit. This can be more easily paid for with undervalued capital, hence at the time of the property value assessment the price had been "pushed" down, when delayed payments would have called for just the opposite.

They say that the Ozd entrepreneur's offer has been turned over by the OKU to independent experts for reevaluation, but realistically it is not expected that it will back out of the contract. This is because, weighed against the value of the West German firms' market contacts, getting the full purchase price in cash is considered to be less important. [end box]

Having acquired the Ozd roughing mill, Janos Petrenko, the private entrepreneur, has made up his mind to buy additional plants as well; word has it, however, that this may not be quite so simple. For in the meantime, the Ozd Foundry Works and a West German steel producing concern have joined to form a corporation with 40 percent Ozd and 60 percent West German participation. We have asked Janos Petrenko to answer some of our questions.

[Hajnoczy] You are a popular person in Ozd, and you may even be elected to Parliament. This will take up much more of your time than before. Who will run the business then?

[Petrenko] Let us get one thing clear: I am not a factory manager, but a proprietor. Thank goodness, no one can force me to hire people who cannot operate the factory. Anyway, it is well known that in addition to the local managers, my two sons are also present at the plant. A day is made up of 24 hours which is enough to accomplish a great deal. If I am elected deputy, I do not feel

that it will take up a lot of my time. It is important, however, to bring some entrepreneurial spirit into Parliament.

[Hajnoczy] They say that within the first two months of operation you succeeded in turning the roughing mill, which had been losing money for decades, into a profitable operation. Have your expenditures changed?

[Petrenko] They certainly have, but you will be surprised to hear that for the most part they have continued to grow. We have raised workers' wages by an average of 20 percent, and the OKU has hiked the cost of energy and various services by 50 percent. PEKO [Petrenko's firm] is buying its steel from the OKU, and we have had some serious problems with the price. We had originally agreed on a price of 13,200 forints per ton for the first three months, but starting 1 April, the OKU wants to raise it to 15,400 forints. So we have signed an agreement with the LKM [Lenin Foundry Works] and the Csepel Iron Works, and we are also importing Italian import steel on a barter basis. I personally feel bad about having to do this, because if we are not buying our steel from Ozd, there will be fewer job opportunities for the local workers. But the reason I set up the business was to make it work. You cannot make a living from a losing venture.

[Hajnoczy] Still, what was it that changed the direction of your business?

[Petrenko] We have reorganized the entire work process, and have tried to change our people's attitude and work morale. I believe that in Hungarian industry the greatest potential lies in shaping these factors. The workers should feel that the workplace belongs to them, and that they need to put no more effort into their work than what is required to get the job done; everyone should be accountable for his own, and not somebody else's work.

[Hajnoczy] What do you specifically mean by reorganization?

[Petrenko] The two key considerations in operating a rolling mill are the preheating of the steel, and the speed at which the steel is rolled. The crucial thing is for all of this to take place at an optimal temperature. If the steel is too hot, it does not roll well, and if it is still cold, it will break the roller, causing losses in the millions. This, I have to say, did not matter much in the past. Another example: We have switched to operating the rolling mill from 0600 hours Monday morning, until 0600 hours Saturday morning. On Saturday morning, we have the maintenance people come out to look at the equipment, so that, come Monday, production can restart under a little better conditions. This saves us five shifts per week, and we also have less down time. This year we expect to earn 2 billion forints in gross sales, and our profits will probably exceed 150 million forints. This also shows that this factory is very far from having to be shut down, and it is sad that it was going to be closed by the same people who had been unable to run it profitably.

[Hajnoczy] Does this mean that you did not, and still do not agree with the concept associated with the name of ministerial commissioner Miklos Banyai, which calls for the closing down of steel production in Ozd altogether?

[Petrenko] I do not agree with his assessment, although it is also true that Mr. Banyai has made several useful observations. Our goal, however, is not to scale things back, but to create jobs. The biggest problem here had been the inability to produce profitable products and to innovate. Already during the first two months of its existence, the PEKO Works began producing three new products.

[Hajnoczy] Eventually you have decided to obtain the necessary loans to try to buy the Ozd Foundry Works. In order for you to do this you would have to make a better offer than the bid submitted by the OKU-KORF-Metallgesellschaft corporation. How do you intend to come up with the necessary funds?

[Petrenko] The OKU has submitted its offer to the State Property Agency, and I have also submitted my own. This proved to be a lengthy process as I had been unable to obtain the necessary data from the OKU's director general, preventing me from preparing a bid which is essential for getting bank credits. A Swedish financier has asked me to invest \$200 million for him in Hungary, of which we would spend \$50 million to purchase and subsequently upgrade the OKU. We have sent the documentation to Sweden, and we will begin negotiations after the elections.

[Hajnoczy] How can the PEKO Works take out such a loan in dollars?

[Petrenko] Through the Hungarian Credit Bank. The remaining \$150 million would be invested by the Hungarian National Bank.

[Hajnoczy] If you take out the loan in dollars, you will also have to repay it in dollars.

[Petrenko] Yes. The Swedish partner wants the \$50 million and all interest earned to be repaid in products, which is a very favorable offer since it also provides a market for us. Incidentally, currently we are already producing 25,000 tons of square steel for this same Swedish partner.

[Hajnoczy] And what happens if you cannot obtain a hard currency credit?

[Petrenko] In that case I would forgo buying out the OKU completely. Moreover, I believe that given the current state of chaos, it might be a good idea to forbid any privatization agreements to be finalized until the new government has been formed.

[Hajnoczy] You have recommended two solutions: a complete buyout or a 60-percent majority holder buyout. What is the rationale behind this?

[Petrenko] I consider the second option to be less favorable for us, as it would mean mixing the state and private sectors. And this would limit our business opportunities. The movement of money, for example, is slower in the state sector than in private business.

[Hajnoczy] In an interview you stated that if the Ozd-West German corporation became a reality, you would build a steel works from the ground up. Since such a venture would require the development of parallel capacities, don't you think that going ahead with such a concept would be too risky?

[Petrenko] No, I don't, because we will be producing not rolled goods, but semifinished and finished products. And at the quality we are aiming for, there is a good market for such products. Independent steel production, as I envision it, will require the introduction of high technology, and 40-percent foreign capital participation. If this becomes a reality, we can put a final end to our cooperative relationship with the OKU.

[Hajnoczy] Would the Swedish investor be the financial backer of this venture, too?

[Petrenko] Partially yes, but we are also working through another credit channel. Currently registered in the FRG is the PEKO-Wagner export-import firm, in which PEKO has a 50-percent share. We are not enticing the foreigners to come to Hungary; instead we are trying to establish ourselves abroad. One great advantage of such partnerships, for example, is that in the FRG we have access to credit at a lower interest rate than if we had to obtain it here at home.

[Hajnoczy] In your opinion have there been any changes in the Hungarian economy, beyond declarations of intent, that are likely to stimulate business activity?

[Petrenko] I think that it is already important to be able to start a business freely. Monetary regulations, however, are still hard on the entrepreneur. I believe that our financial system has failed because it, too, has fallen victim to high taxes and uncertain regulators. No matter how well-prepared our financial experts may be, so far they have been unable to properly operate the system.

POLAND

State Intervenes in Coal Purchases

90EP0575B Warsaw GAZETA WYBORCZA in Polish
8 May 90 p 1

[Article by (us): "The State Will Buy Coal"]

[Text] There will be an emergency purchase of coal financed by the budget. The Polish mining industry is profitable but inefficient. There is no list of mines to be liquidated.

Associate Professor Jan Maciejka, general director in the Ministry of Industry, said on 7 May in Katowice, at a meeting of the authorities of the Solidarity of miners,

that an emergency purchase of 8 million tons will be financed. As the PAP [Polish Press Agency] reports, the state budget will bear the cost of interest on loans for purchasing extra reserves for, among others, power stations. Five million tons of steam coal will be delivered to them.

Representatives of the Ministry of Industry, the parliament, and scientists took part in the proceedings.

In the opinion of members of the authorities of the Solidarity of miners and a majority of the invited guests, the mining industry is profitable but inefficient (we produce about 40 percent less coal from one longwall than miners in England). The profitability of mines may decline due to the problems with coal sales, all the more so because its price has gone up.

Participants in the meeting stated that the liquidation of unprofitable mines should be based on severing them from the state budget.

Jan Maciejka said that there is no list of mines which are expected to be liquidated. The ministry has only announced the gradual liquidation of three mines in Walbrzych. New jobs will be created for their employees.

May Coal Prices Temporary; Major Industry Overhaul Set for July

90EP0575A Warsaw RZECZPOSPOLITA in Polish
8 May 90 p 2

[Article by Barbara Cieszevska: "Black Dilemmas"]

[Text] New coal prices have been in effect since Monday, 7 May. They are about 5 percent higher than before. Prices for good grades of coal have increased somewhat more, and those for worse grades of coal somewhat less. The structure of prices has changed radically. At present, prices depend on the quality of coal, that is, heat content, ash, sulfur, and moisture content. The costs of transportation are not included in the price of coal, hence it is known that the further away from Silesia one is the more expensive coal is going to be. On the coast, coal is going to cost approximately 65,000 zlotys more, because this is what hauling it over 600 kilometers will cost.

The new prices are only one element of the new rules which the miners await. It is known that these are temporary prices. Official prices will likely be abolished and free-market prices will be introduced on 1 July, said Associate Professor Jan Maciejka who is reforming the mining industry. It may also be expected that their structure will approximate that in the current price list, that is to say, prices will depend on quality. However, nobody is in a position to say what the level of prices is going to be. The mines fear that these prices are going to be low because, as of now, demand is extremely depressed.

The mining industry demanded that the government make an emergency purchase of coal. Since the budget does not have a sum of one trillion zlotys for this

purchase, the government resolved to take a compromise way out. The power stations will purchase 5 million tons. To be sure, they do not need this coal at the moment; they have large reserves. However, the government undertakes to pay interest on the loans which will have to be secured for this purpose. Between 150 and 180 billion zlotys are allocated for this purpose.

Besides, coal will be purchased for municipal uses and for the needs of the populace. The government allocated an additional 70 billion zlotys for it. The Coal Sales Center is expected to accumulate about 2 million tons on its storage sites.

Therefore, there is hope that these decisions will alleviate a tremendous strain in mining. After all, voices are still being heard saying that the reform in mining has fizzled, that it cannot be implemented by volunteers, as has been the case thus far. This was said at a meeting of the Solidarity National Commission for Mining, at

which several important questions were asked. Why is a clear-cut system of subsidies still lacking? The criteria for the allocation of subsidies are absolutely random. It was said that "at present, saving is stupid. If you save you get less [in subsidies]." Why are these criteria secret? The director in charge of allocating subsidies in the Ministry of Industry does not agree to release them to the public.

It is already known that the Walbrzych mines will go under. Only Nowa Ruda has worked out a concept of saving the mine. However, at present nobody can say whether Silesian mines are to be liquidated or not. Associate Professor Macieja says that for now this is not going to be done because nobody is in a position to say how much coal we will need in the future. Until now, nothing has happened in the economy to indicate that coal consumption will decline. However, there are other doubts, and time will tell how they are going to be resolved.

GERMAN DEMOCRATIC REPUBLIC

Foreign Worker Flight, Plight Surveyed

90GE0082A East Berlin NEUE ZEIT in German
24 Apr 90 p 5

[Article by Ernst-Ludwig von Aster: "Fear for the Future Threatens Foreign Workers—3,500 Vietnamese Have Already Fled to West Berlin"]

[Text] As recently as three years ago the GDR was a socialist "paradise" to Hoa. In economically hard-hit Vietnam the 23-year-old weaver had heard of the rich socialist "fraternal nation" in faraway Europe. It thus appeared to be a hint by fate when the GDR Ministry for Light Industry in 1987 was looking for labor in Saigon. Hoa's parents scraped together six months' wages in gold in order to pave the way for their daughter to the alleged paradise: For this amount a Vietnamese physician made Hoa two centimeters taller during the physical examination and thus certified her for the height of 1.5 meters necessary for employment in the GDR.

Hoa did not know that the "fraternal nation" had tangible economic problems. In 1985 the GDR lacked the foreign currency to modernize industry and the workers to guarantee the prescribed growth in output by means of additional shifts. A way out presented itself in an agreement which was concluded as early as 1980 between Vietnam and the GDR in order to strengthen "fraternal cooperation" and regulate temporary employment and qualification of Vietnamese employees in the GDR.

Since 1985 a supplementary protocol has modified the agreement: It now stresses labor, not training.

The door was open to importation of labor on a large scale: By the end of this year, 20,000 to 25,000 additional workers from Vietnam alone were supposed to help get the stranded planned economy going again. Vietnam also profited nicely from the transfer of manpower: Its high unemployment was reduced, and, in addition, the GDR Vietnamese had to send 14 percent of their wages to their homeland.

Their employment in the GDR now took place according to need; training was of secondary importance. Hoa was also not allowed to continue working in her dream job as a weaver, as she had wanted. After her arrival in the GDR her passport was withdrawn, then she was taken by bus to a sewing plant near Leipzig. The number of foreign workers has tripled since 1985, and today about 87,000 of the "contract partners" still work in the GDR, 58,000 of them from Vietnam.

The sudden wave of labor caught the 900 selected GDR enterprises totally unprepared. At the Progress Men's Clothing Company VEB [State enterprise] in East Berlin the staff increased by 20 percent in one jump. Two months after the announcement from the Ministry for Light Industry, 700 Vietnamese workers stood before the

doors to the factory. On the one hand, according to the plant manager, there was of course a sigh of relief that we were able to assure the labor capacity, but on the other hand there were also voices saying did it have to be so many all at once. Within a month the enterprises were supposed to teach the new workers German, train them in their jobs and guarantee that they took advantage of cultural, sports, and social company facilities.

Today the GDR Ministry for Labor and Wages, responsible for looking after the foreign workers, harbors no illusions regarding the failures of the past. There wasn't a sufficient concept for integrating the foreign workers, says responsible division leader Juergen Schroeder in retrospect: The pressure to perform was so great that there wasn't time to take social components into account.

Before 9 November the higher GDR authority stood watch over "fraternal cooperation" in the enterprises with stern eyes and carefully swept isolated outrages under the rug. But after the wall tumbled conflict broke out openly. With German employees having their eyes on a market economy, foreign colleagues became competitors overnight. People at the Ministry for Labor and Wages are shocked at the harshness with which this conflict is now being waged in the enterprises.

The economically uncertain situation has meanwhile become a hotbed of tensions and violence between Germans and foreign workers, who are being laid off daily, Schroeder says. In many places one is now acting according to the motto: Before a German goes, a Vietnamese is thrown out. Some companies are already said to have tried to implement this demand with threats of strike. At Hoa's sewing plant the atmosphere surrounding the Vietnamese has become insufferable since the wall was opened: "The life of a female worker in Vietnam was hard enough, but in the GDR we are also insulted, harassed, and treated unfairly."

In order to avoid escalation increasingly more enterprises, in part supported by union groups, are applying to have foreign workers sent back to their homelands. Such demands from 150 of the 900 enterprises with foreign labor are piling up on Schroeder's desk. About 7,000 foreign workers must pack their bags according to the wishes of their factories. Moving the workers to other branches of production is impossible; there are no more jobs open.

But the 58,000 Vietnamese are at least protected from arbitrary layoffs by the government agreement. It guarantees five-year employment at GDR wages; unilateral cancellation by the company or by one of the two signatory nations is not included among the 19 articles. So far the Ministry for Labor and Wages has pointed out the legal situation to the companies and thereby prevented layoffs. But this does not reduce tensions. In order to avoid further escalation, the employees must above all have their uncertainty removed, Juergen

Schroeder says: a clear word about the economic and currency union could perhaps defuse the conflict.

The expert pleads for individualization of the labor contracts, combined with the right to remain. Anyone who wants to remain should be able to stay beyond the five years. "While we complain daily that thousands of people are leaving our country, we consider the few

foreigners here to be a threat. There is so much to do in our country that one must do everything in order to keep these people in the country."

Hoa did not want to wait that long. After constant hostilities in her company and rumors about the imminent firing of all Vietnamese, she fled to West Berlin—like 3,500 of her compatriots before her.

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